

Showdown in Moscow

After a test of fire, can
Yeltsin transform Russia?

John Lloyd, Page 17

World leaders' actions will
speak louder than words

News and analysis, Page 4

Crest of a wave
Money pours into
US mutual funds

Page 16

Indispensable
Distribution
services

Survey, Pages 29-32

FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY OCTOBER 5 1993

D8523A

At least 12 US troops killed in Somalia fighting

At least 12 US troops were killed, 75 wounded and a few feared captured in Sunday's fighting in the Somali capital, Mogadishu, where UN forces clashed with Somalia loyal to rebel warlord Mohamed Farah Aideed. Pentagon officials said there were plans to send extra US troops and tanks to Somalia as part of a UN peacekeeping force. Meanwhile two French relief groups called for an end to US military operations in Somalia, saying hundreds of civilians had been killed or wounded in the latest fighting.

Lufthansa of Germany signed a commercial partnership with United Airlines, the biggest US international carrier. The deal is expected to intensify competition on international routes and speed privatisation of the German national carrier. Page 19

UK figures confirm recovery: Figures on UK consumer spending and the money supply helped dispel fears that Britain's recovery was losing momentum. Consumers borrowed a net £225m in August compared with £220m in July. Narrow money rose a seasonally adjusted 5.4 per cent in the year to September. Page 9

Fears over Bermuda elections: Business leaders in Bermuda fear that an election win today by the Progressive Labour party could undermine the growth of the island's offshore financial centre. The PLP insists it wants to develop the offshore businesses. Page 18

Sweden seeks expansion: Sweden announced a package of corporate tax reforms designed to encourage business expansion and lower a record 13 per cent unemployment rate. Page 18

Shorps wins \$100m US order: Northern Ireland aircraft manufacturer Short Brothers has won a \$100m US National Guard order for 20 Sherpa military transport aircraft. Page 9

Spanish pay pact in doubt: Doubts are growing whether the Spanish government, the two main trade unions and the country's employers can agree on a much-awaited wage moderation pact. Page 18

Egyptians vote: Egyptians voted in a referendum which will give president Hosni Mubarak (left) a third six-year term. Although there was no alternative candidate, the government has tried to portray the vote as "deepening citizenship."

Arafat accuses Israel: PLO leader Yasser Arafat accused Israel of hunting down members of his mainstream Fatah group as well as Hamas opponents to the PLO-Israeli peace accord. About 30 Israelis were injured when a Palestinian drove a car bomb into a bus in the West Bank. Page 6

Super Mario succumbs: Japanese electronic game maker Nintendo admitted a decade of growth had ended as it cut its pre-tax profit forecast by 20 per cent from ¥170bn to ¥121bn (\$1.14bn) for the year to March. Page 19; Sun goes down, Page 22

Baby found alive in quake ruins: A 19-month-old girl was rescued alive from the rubble of her home in India 104 hours after an earthquake which killed up to 22,000 people. Priyanka Wagle was beneath her overturned cot, buried in rubble. India overcomes aid scruples. Page 6

Nato's new chief named: US army general Alfred Joulwan was named commander of Nato military forces in Europe.

Banda has brain surgery: Malawi's president Hastings Kamuzu Banda, believed by diplomats to be in his mid-90s, was in a satisfactory condition after undergoing brain surgery in a South African hospital.

Premier takes sick leave: Hungarian prime minister Jozsef Antall is to take a month's sick leave to undergo medical treatment in Cologne, Germany. Antall, 61, has a curable form of cancer.

Court rules on Bhopal: The US Supreme Court refused to overturn a ruling on Bhopal. It means that victims of the 1984 gas disaster in India cannot challenge in the US the \$470m settlement between the Indian government and Union Carbide, the company which operated the plant.

Pakistan's voters go to the polls tomorrow. Benazir Bhutto and her Pakistan People's party are challenging former prime minister Nawaz Sharif. Page 6

STOCK MARKET INDICES		STERLING	
FT-SE 100	3067.7 (+26.4)	New York headline:	1,518
Yield	3.82	London:	1,515 (1,505)
FT-SE Eurotrack 100	1238.14 (+0.8%)	\$	1.515 (1,505)
FT-A All-Share	1916.12 (+0.8%)	DM	2.46 (2,459)
Nikkei	20,264.43 (+18.70)	FFr	5.522 (5,522)
New York headline:	1,518 (+5.03)	Sfr	2.1475 (2,140)
Dow Jones Ind Ave	3576.08 (+0.52)	Sfr	180.25 (180.5)
S&P Composite	460.76 (+0.52)	Sfr	80.5 (80.2)
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3.75%	New York headline:	1,518
3-mo Treas Bill: Yld	2.88%	DM	1,622
Long Bond	5.98%	FFr	5.522
Yield	5.98%	Sfr	1,418
LONDON MONEY		Y	105.75
3-mo interbank	5.12%	London:	1,624 (1,631)
Life long gilt: Yld	11.3% (Dec 11/93)	DM	5.522 (5,522)
NORTH SEA OIL (Argus)		FFr	1,417 (1,424)
Brut 15-day (Nov)	\$17.125 (17.35)	Sfr	105.8 (106.0)
Gold		\$ index	65.1 (65.3)
New York Comex (Dec)	\$354.0 (355.0)	Tokyo close Y 106.0	
London	\$352.75 (353.2)		

Austria	S&P50	Germany	DAX30	Italy	MIAX	Spain	IBEX35	UK	FTSE100	Japan	Nikkei	South Africa	JSE30	Sweden	OMAX	Norway	NOSX	Denmark	OMAX	Finland	HEX100	Poland	WIG20	Czech Rep	PRAX	Hungary	BUX100	Slovakia	STAX	Slovenia	SLTX	Portugal	VLTX	Greece	ATX	Belgium	BELX	France	CAC40	Switzerland	SMI30	Netherlands	AEX100	Ireland	ISEQ100	Spain	IBEX35	Italy	MIAX	Germany	DAX30	Austria	S&P50
---------	-------	---------	-------	-------	------	-------	--------	----	---------	-------	--------	--------------	-------	--------	------	--------	------	---------	------	---------	--------	--------	-------	-----------	------	---------	--------	----------	------	----------	------	----------	------	--------	-----	---------	------	--------	-------	-------------	-------	-------------	--------	---------	---------	-------	--------	-------	------	---------	-------	---------	-------

White House leaders surrender after fierce fighting leaves many dead and wounded Yeltsin stamps control on Moscow

By John Lloyd and Leyla Bouillon
in Moscow

FORCES loyal to President Boris Yeltsin took the Russian parliament yesterday in a brutal battle which left hundreds of defenders dead, the ring-leaders of the rebel parliament in custody and Moscow still echoing to sporadic gun battles in and around the besieged White House.

The death toll and casualty figures remained unclear last night. General Dmitri Volkogonov, President Yeltsin's military adviser, backed off from his earlier figure of 500 dead while unconfirmed reports indicated dozens had been killed and more than 100 wounded.

Interfax news agency, giving partial casualty figures for the assault, said hospitals reported admitting 56 wounded people, of whom one died.

The Interior Ministry told the Interfax news agency its elite Ozerzhinsky division lost three men and 15 wounded in two days. According to Itar-Tass news agency, quoting Moscow's Main Medical Administration, 62 people were killed and 400 wounded in Sunday's battle over Russia's main television centre.

Mr Ruslan Khasbulatov, the parliamentary leader and Mr Alexander Rutskoi, stripped of his general's rank, his vice-presidency and the title of acting president given him by the now captive parliament, gave themselves up in the early evening. They were driven off in a bus for questioning under the authority of General Mikhail Kozhevnikov, deputy interior minister.

Mr Dmitri Rukov, a Yeltsin aide, said they could face trial. Before giving themselves up, the two men appealed to a meeting of European Community foreign ministers to guarantee their safety. The foreign ministers,

meeting in Luxembourg, elicited an assurance from Mr Yeltsin's office that the two ring-leaders would not be harmed.

The merciless assault on the White House ended a 12-day defiance by the parliament of Mr Yeltsin's decree banning it and calling fresh parliamentary elections in December. Initially winning some support for their defence of the constitution, the anti-Yeltsin groups lost sympathy by launching an attack on Sunday on the mayor's office and the television centre.

Last night the 19-storey white marble parliament was left burning, with black holes torn in its facade. After nine hours of pounding by cannon and machine guns, a truce was agreed and a file of some 300 deputies, defenders and staff filed out into the gathering dusk between lines of soldiers.

The government issued warnings that armed men still loyal to the parliament would continue fighting, and "mopping up" operations were continuing in the city last night.

Inside the parliament in the early evening bodies still lay on the glass-strewn floor, as soldiers continued to search the building for pockets of resistance. Fresh troops were deployed around parliament as fighting broke out from unidentified defenders.

In the streets of Moscow around the building, which were cleared of traffic, people met in knots, many of them voicing strongly anti-Yeltsin sentiments.

In a side street, an unnamed group marched off, its leader warning them to "watch out for the paratroopers".

Besides the two leaders of the parliamentary revolt, the troops seized ex-General Albert Makashov, the leader of Sunday night's attack on the Ostankino television centre. They also took

CRISIS IN RUSSIA

Page 4

- IMF loan may be delayed
- Tactics puzzle experts
- Yeltsin pulls army into political ring
- Foreign companies take cover - but not flight
- World reaction

Page 17

- Editorial Comment
- Victory for all the president's men

into custody the three "power ministers" appointed by parliament - Mr Viktor Baranikov (security), Mr Vladislav Achalov (defence) and Mr Vladimir Dumayev (interior).

Mr Yeltsin, who returned to his state dacha late yesterday afternoon after two days in the Kremlin supervising the attack, moved swiftly to clamp his presidential rule on the country. He banned a range of opposition papers, including the Communist Pravda, the nationalist Den and Sovetskaya Rossiya; imposed an 11pm-5am curfew and, in an earlier broadcast, promised that leaders of the "communist fascist" uprising would be harshly dealt with.

His first real test of public reaction comes today, when he meets regional leaders in the Federation Council - the body he has named to be the upper house of a proposed new parliament, or Federal Assembly. The first reactions from the regions was cautious, as their leaders called for order to be maintained.

Continued on Page 18



Moment of surrender: hard-line defenders and supporters file down the steps of the Russian parliament yesterday as the siege collapses. They were taken to buses and driven off for questioning.

Rebellion founders in blood and devastation

By John Lloyd in Moscow

INSIDE THE once imposing halls and corridors, the scene was of carnage, squalor and hideous destruction. Bullets and shrapnel had raked the walls, smashed down ceilings and made match-wood from doors.

With the surrender of the rebels in the White House in the late afternoon, the wounded, some screaming in agony, were being evacuated slowly by medical teams. In the upper chambers, firing went on as the floors were cleared. Suddenly, a huge explosion, bigger than anything before, shook the edifice. An

ammunition dump on the ground floor had blown up - whether by design or chance was not clear.

The bodies were still being attended to. Two men, one grasping a machine pistol, were curled into each other on the corner of a corridor, the blood still wet from the head and chest wounds that had killed them.

Acrid smoke hung in the low corridors, which were almost pitch black in places. Men stumbled in shock, through pools of water and blood.

From the front doors of the building, a column of surrendering deputies, defenders and staff - many of them women - filed

towards the Moscow river, the victorious troops standing to both sides. Many of the defeated were trembling; two of the women crying. They moved heavily and stood still when commanded, before being loaded on to buses and driven away.

For the instigators of the revolt, Mr Ruslan Khasbulatov, the parliamentary speaker, and Mr Alexander Rutskoi, the vice-president, the end was ignominious. Witnesses who met them as the troops entered the building spoke of men breathless with fear, desperately suing for their lives.

Surrounding them, similarly

distressed, were the deputies who had chosen to stand with them, like Mr Sergei Baburin of the Russia Unity group and Mr Oleg Rumyantsev, a former leader of the Social Democrats.

The government troops had taken the White House slowly, in even a leisurely way, the T72 tanks on and under the bridge across the Moscow River before

the parliament slamming round after round into the building, raking the windows with their machineguns. To one side, a detachment of troops was pinned behind a wall for hours, firing at almost point blank range into the windows.

From 7am, when the armed personnel carriers and the light tanks moved smartly into post-

tion around the building, until the surrender came, the firing was constant, intense and - for the defenders - deadly. The secondary tactic to taking the building was - as General Dmitri Volkogonov, Mr Yeltsin's military adviser, confirmed - to avoid loss of life on the attack.

Continued on Page 18

BNP shares set at FFr240 in attempt to draw investors

By John Ridding in Paris

THE FRENCH government yesterday set a lower than expected price of FFr240 on shares in Banque Nationale de Paris, the country's third largest bank, in an attempt to draw investors to the first issue in its ambitious privatisation programme.

Mr Edmond Alphandery, the economy minister, said that the issue, which will be offered to investors from today, "is aimed primarily at French households". Market analysts in Paris said that the price of the issue, which values the bank at about FFr43bn (\$7.5bn), was at least FFr10 per share lower than they had forecast. They said it demonstrated the desire of the centre-right government of Mr Edouard Balladur to guarantee a successful start to its plan to privatise 21 state-owned groups.

"They want to begin with a bang" explained Mr David Harrington, French market analyst at James Capel in Paris. Mr Alphandery also gave details of a group of stable investors which will hold about 80 per

cent of BNP's shares after privatisation. Most of these shareholders will be French financial and industrial groups, but they will also include General Electric of the US, BAT Industries of the UK, Roche Holding of Switzerland, Dresdner Bank of Germany and the Kuwait Investment Authority.

According to Mr Alphandery, the price was slightly above the minimum level of FFr235.5 set by the privatisation commission, an independent body formed to establish the terms and conditions of the privatisation issues.

He said it was "a medium-term" price which had been calculated on the basis of analysis of BNP's earnings performance and business strategy.

Under the terms of the BNP issue, which will close on the evening of October 12, 72m shares will be offered for sale. Of these, 37.5m will be reserved for individual investors and 34.5m for institutional investors. The tranche allocated to individual investors can be increased to 47m shares if demand is strong.

Of the core investors, Union

des Assurances de Paris, the state-owned insurance group, which is also on the privatisation list, will raise its holding in BNP from 10 per cent to 15 per cent. A group of 15 other industrial and financial groups will hold a further 15 per cent of BNP's shares.

Chief among these 15 investors are Elf-Aquitaine, the oil group, which will be privatised by the middle of next year, and Saint-Gobain, the glass and building materials group - which will each hold about 2 per cent. Like the rest of the 15 investors they will pay a premium of 4 per cent.

Other core investors include Dresdner Bank, a strategic partner of BNP, which will hold about 1 per cent of the shares. The two banks eventually plan to take a 10 per cent stake in each other.

The privatisation of BNP will raise about FFr28bn for the government. The target for the year as a whole is FFr40bn. The balance will be raised through the sale of the next companies on the list, Rhône-Poulenc, the chemicals group, and Banque Paribas, a small retail bank.

**IB
BLANCPAIN**

The ultra-slim watch

SINCE 1735 THERE HAS
NEVER BEEN A QUARTZ BLANCPAIN WATCH.
AND THERE NEVER WILL BE.

Catalogue and video BLANCPAIN SA CH-1348 Le Brassus, Switzerland
Tel. 41-21 845 40 92 Fax 41-21 845 41 88

NEWS: EUROPE

Piëch to stress the need for rationalisation at Seat subsidiary

VW chief tries to soothe Spanish

By Christopher Parkes
in Frankfurt

VOLKSWAGEN'S chairman, Mr Ferdinand Piëch, will travel to Spain tomorrow in an attempt to soothe political and union fears over the outcome of the crisis at the group's local subsidiary, Seat.

Although he is not prepared to offer any further cash aid beyond the recent DM1.5bn (\$920m) emergency injection, he will attempt to convince political leaders of an urgent

need for rationalisation. Seat expects a deficit of DM1.25bn this year, and even if demand for cars improves, further substantial losses are inevitable next year without change, group officials said.

The aim of the visit was to find a solution acceptable to all sides, a spokesman said last night after a VW board meeting. A company statement added that no decisions had yet been taken over the future of Seat's factories and there was no question of the com-

pany losing its independence "as a brand within the group". It was necessary to bring Seat up to internationally competitive standards, especially in terms of employment levels.

Spanish media have charged VW with imperialism and trying to protect German jobs at the expense of Spanish workers. Yesterday's newspapers carried reports that VW wanted to move key decision-making responsibilities from Spain to VW headquarters in Germany. The outcry started last week

after the resignation of Mr Juan Antonio Díaz Álvarez, the Seat chairman. He lost his job after being told by the VW board that his rationalisation plans, including around 5,000 job cuts, were "too soft".

Mr Piëch is due to meet leaders of national and regional governments in Madrid and Catalonia, and have further talks with union officials anxious about the future of the Seat site in the Zona Franca, Barcelona, which employs about 10,500 people.

Mr Piëch, who will travel with Mr José Ignacio López de Arriortúa, the group's Spanish-born production director, was yesterday warned to keep his promise that unions would be involved in decision-making.

Mr Enrique Montoya, a leader of the UGT union, who met Mr Piëch last Friday, said he believed the union voice would be heard. But if decisions were taken without union participation, there would be "protests of unprecedented intensity", he added.

UK steelmakers question aid plan for Spain

By Andrew Baxter

BRITISH steel industry officials are mounting a campaign to force changes in a European Commission-backed restructuring scheme for Sideror, the loss-making Spanish special steels producer.

Mr Ian Rodgers, director for international affairs at the British Iron and Steel Producers Association (Bispa), will today launch a strong attack on the plan, which he claims would harm private unsubsidised competitors and is, anyway, not viable.

The Commission had hoped that the restructuring of Sideror, along with that of Freital in Germany, would be approved at the last EC industry ministers' meeting in Brussels on September 21.

Mr Karel Van Miert, EC competition commissioner, wanted the two relatively minor subsidy cases resolved to send a clear signal of intent to reach a solution on the larger cases - involving CSI in Spain, Iva in Italy and Ekostahl in eastern Germany.

But the UK, the Netherlands, Denmark and France said they wanted more time to study the proposals, and the UK argued that all the subsidy cases should be agreed together.

Since then, UES Steels, a pri-

vate competitor of Sideror, has announced it is closing its Templeborough plant in Rotherham, northern England, with the loss of 260 jobs. UES blamed excess capacity for engineering steels, which was being artificially kept in place by state subsidies. Mr Rodgers says the Commission had made no attempt to reassess the viability of the Sideror scheme, drawn up last year, in the light of present market conditions and Sideror's recent operating performance.

He is expected to tell a meeting of the European coal and steel community consultative committee in Luxembourg today that the amount of aid proposed has increased by 13 per cent to Ptas80bn (\$406m) since the plan was drawn up. According to Bispa, Sideror's domestic turnover fell by 33 per cent in the first half of this year, and orders in export markets are being won as a result of "ruthless" price cutting that has only been made possible by subsidies.

The association says sales targets assumed in Sideror's "viability" plan are unachievable without further price cutting, and says the next industry ministers' meeting in November should not authorise aid without significant additional closures.

Fall in steel use forecast

CONSUMPTION of steel in the industrialised countries will fall by 3 per cent this year to 297m tonnes, reflecting sharp declines in the European Community and Japanese markets, according to the International Iron and Steel Institute, Andrew Baxter reports.

Consumption in the EC, excluding eastern Germany, is expected to fall by nearly 9m tonnes or 8 per cent from the 1992 level, and will recover by only 3m tonnes in 1994, the institute said yesterday.

In Japan, it is expected to fall by 3m tonnes or 4 per cent this year, with a further decline seen next year.

The decline reflects the recession in many steel-consuming industries, and is offset by a predicted 5 per cent rise in developing countries' consumption to 135m tonnes this year.

Overall, consumption in the western world - industrialised and developing countries - is forecast to fall by 1 per cent this year to 432m tonnes, and to rise by 2.7 per cent next year to 443m tonnes. Total world consumption is predicted to fall by 1 per cent this year to 611m tonnes.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibbelungplatz 3, 60313 Frankfurt am Main, Germany. Telephone +49 69 156 350, Fax +49 69 156 481, Telex 416193. Represented by Edward Hugo, Managing Director, Priorit, DVM Druck-Vertrieb und Marketing GmbH, Adminal-Rosenstraße 38, 63363 Neu-Isenburg (owned by Hefelberg International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholders of the above mentioned two companies are: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0631, Fax (01) 4297-0629, Priorit, S.A. No. 1521 Rue de la République, 93000 Paris Cedex 10. Editor: Richard Lambert, ISSN: ISSN 1141-1753. Commission Paritaire No 67880D.

DENMARK
Financial Times (Scandinavia) Ltd, Vismøllevej 42A, DK-1161 Copenhagen, Telephone 33 13 44 44, Fax 33 93 53 33.

German new car sales set for further 5% fall

By Christopher Parkes
in Frankfurt

NEW CAR sales in Germany are likely to fall by a further 5 per cent in 1994 after a slump of more than 20 per cent this year, according to the influential Ifo economics institute.

In real terms, this means the first-time registration of 2.8m-2.9m new cars compared with 3m this year and 3.5m in 1992, when recession struck and the unification boom ran out of steam.

The continuing fall marks a further stage in the normalisation of the domestic market which was distorted by pent-up demand in the former GDR.

Many eastern Germans bought new cars after unification in late 1990, while western Germans replaced their old models earlier than normal to take advantage of higher prices for second-hand vehicles.

The 1992 figures were also boosted by a buying surge last November and December before an increase from 14 to 15 per cent in value added tax on January 1 this year.

But next year's sales will also be hit by a sharp increase in fuel taxes, the institute said. Government levies on petrol and diesel fuel are to rise by 16

pfennigs and 7 pfennigs a litre next January.

Rising unemployment and lower disposable incomes will also take their toll. The annual German wages round, due to start in the next few weeks, is widely expected to result in awards at or below next year's expected inflation rate of 3.5 per cent.

The forecast supports the widespread view that German economic recovery, next year at least, will depend on improved exports rather than any rise in domestic demand.

According to Ifo, replacement purchases in western Germany this year will fall by only a modest 4 per cent to 1.04m cars.

However, growth in overall car ownership in the region - impelled mainly by first-time buyers, company fleet expansion and the purchase of second or third family cars - dropped almost 50 per cent to fewer than 400,000 vehicles in the first half.

This was the weakest performance since the oil crisis of the early 1970s, the institute noted.

Industry executives do not expect a return to "normal" market conditions in Germany and abroad before mid-1995.



Georgian refugees from the rebel province of Abkhazia struggle to get bread from a rescue helicopter. At least 80,000 refugees in the mountains are in need of relief aid.

Far right backs CDU presidential candidate

By Judy Dempsey in Berlin

THE National Democratic party, Germany's radical right-wing party, yesterday threw its support behind Mr Steffen Heitmann, the Christian Democratic Union candidate in next May's presidential election. The move is likely to embarrass Chancellor Helmut Kohl's CDU which has stood behind Mr Heitmann, Saxony's justice minister, despite controversial remarks about Germany's past.

An NPD statement said: "While Mr

Heitmann is still a long way from taking true nationalist positions, we can expect him to speak out on uncomfortable truths."

Mr Heitmann has been criticised for his views on the Maastricht treaty, which he believes is being imposed on people, his conservative views on women and suggestions that Germans need no longer be so obsessed by the Nazi past. At present he faces only one opponent - Mr Johannes Rau, North Rhine-Westphalia's premier, the Social Democratic party's candidate.

W German production up by 2% in August

By Ariane Genillard in Bonn

WEST German industrial production increased by a seasonally adjusted 2 per cent in August against July.

The largest increase was in capital goods, which rose by 4.5 per cent. Manufacturing went up 2 per cent and the construction sector by 3 per cent, according to the economics ministry.

However, output for the two months of July and August remained unchanged compared with May-June. German economists pointed out that

while foreign demand, mostly from the US and Asia, was picking up, domestic orders continued to decrease.

They warned that the energy tax planned for 1994 and extra burdens on pension funds from next January, would partly dampen any upswing in domestic demand.

Output for the two months was 6.5 per cent below the level for the same period last year. However, this represented a slight improvement over the months of June and July, when it stood at 6.9 per cent below the previous year.

New Issue October 1993
Land Niedersachsen



6.25 % Bonds of the State of Lower Saxony 1993 (2003)

- Security Identification No. 159 071 -

The State of Lower Saxony (Land Niedersachsen), Germany, is launching a bond issue, which is offered by tender through the Deutsche Bundesbank

Aggregate Principal Amount: To be determined according to the result of the public tender.

I. Features of the bonds

Par values: DM 1,000 or an integral multiple thereof.

Interest: Interest at the rate of 6.25% will be payable early in arrears on September 15, commencing on September 15, 1994. Interest accrued is based on the date of payment. The issue shall cease to bear interest as of the end of the day preceding the day on which it becomes due for redemption. This is also valid in case that the payment is effected according to section 193 of the Civil Code.

Maturity: 10 years. The bonds will be repaid at their face value on September 15, 2003. The bonds may not be recalled before maturity.

Trust eligibility: Pursuant to section 1807 (1) 2 of the Civil Code.

Eligibility for investment in premium reserve stock: The bonds are eligible as collateral for investment in premium reserve stock pursuant to section 54 a (2) 4 of the Act concerning the supervision of insurance enterprises.

Eligibility for central bank refinancing: The bonds are eligible as collateral for lombard loans pursuant to section 19 (1) 3 d of the Deutsche Bundesbank Act and eligible for securities repurchase agreements.

Stock exchange listing: The bonds will be admitted to official trading on the stock exchanges in Hannover and Frankfurt/Main on Monday, October 11, 1993.

Market regulation: The Deutsche Bundesbank will regulate the market for account of the issuer.

Delivery: The total amount of the bonds will be evidenced in the form of shares in a Global Debt Register Claim (Sammelschuldbuchforderung) registered in the name of the Deutscher Kassenverein AG, in the Debt Register of the State of Lower Saxony (Landesschuldbuch Niedersachsen). No registration of partial amounts of the Global Debt Register Claim in the name of a specific creditor - Single Debt Register Claim - (Einzel-schuldbuchforderung) - will be made.

The receipt of physical securities is not possible during the entire period to maturity.

The bidders will receive shares in collective securities accounts (Wertrechte). They will be delivered by the Land Central Bank - Main Office of the Deutsche Bundesbank - Hannover according to the instructions of the bidder.

Payments: Principal and interest shall be paid, as and when due, to the respective accounts of the depositors with the Kassenverein. Payments by the issuer due to investors without a Land Central Bank giro account will be passed to the latter's accounts with credit institutions.

II. Procedure of tender

Range of eligible bidders: Credit institutions and non-banks which hold a Land Central Bank giro account may participate in the tender direct. Other domestic and foreign prospective buyers may submit their bids indirectly through a domestic credit institution; in this case, contractual relationships will arise only between these indirect bidders and the credit institution acting as their intermediary.

Insurance companies, pension funds, investment funds and other institutional investors without a Central Bank giro account, and private investors should contact their credit institutions.

Bidding deadline: For domestic banks, and non-banks which hold a Land Central Bank giro account: 11:00 a.m. on Wednesday, October 6, 1993. Other potential bidders should contact a domestic credit institution well in advance.

Bidding: Bids can be considered only if they have been submitted (informally in writing, by telex or telefax) to the appropriate office of the Deutsche Bundesbank - Land Central Bank (Landeszentralbank) - where the giro account is held.

Bids: Quotation of the desired par value and of the price, as a percentage of the par value, at which the

bidder is prepared to buy the bonds. Bids must be for full 0.01 percentage points. Non-competitive bids or submission of several bids at different prices are possible. No yield bids will be considered.

Minimum denomination: DM 5,000.00 or an integral multiple thereof.

Allotment: Immediately but not later than 9:00 a.m. on Thursday, October 7, 1993 by the Landeszentralbank - Hauptverwaltung der Deutschen Bundesbank -, Hannover, Georgplatz 5, D-30159 Hannover, Germany (Land Central Bank - Main Office of the Deutsche Bundesbank -, Hannover).

Bids are allotted at the price specified in the bid concerned ("US-style tender procedure"). Non-competitive bids are filled at the weighted average price of the bids accepted. The Bundesbank reserves the right to scale down bids quoting the lowest accepted price and non-competitive bids. If bids are scaled down, at least DM 1,000.00 per bid concerned will be allotted.

The issuer reserves the right to increase the allotted overall amount of the issue for the purposes of market regulation.

Date on which the amounts allotted will be debited to bidders' accounts: For domestic banks, and non-banks bidding direct: not later than 11:30 a.m. on Friday, October 8, 1993. The equivalent will be debited to the Land Central Bank giro accounts. Timely remittance of cover is required. For potential buyers submitting bids through banks, the arrangements made with their credit institutions will apply.

Miscellaneous: Unless otherwise provided elsewhere in this invitation to tender, the "General terms and conditions for the sale of Federal bonds by tender" of the Deutsche Bundesbank will apply.

Hannover, October 1993

Land Niedersachsen
represented by
Niedersächsisches Finanzministerium

Deutsche Bundesbank
represented by
Landeszentralbank in der
Freien Hansestadt Bremen,
in Niedersachsen und Sachsen-Anhalt

Bonn call to speed EC entry talks

By Quentin Peel in Bonn

GERMANY is pressing for rapid acceleration of the negotiations with Austria, Finland, Sweden and Norway to join the European Community if the goal of accession by January 1 1995 is to be met.

The fear in Bonn is that if the negotiations are not concluded by the end of February 1994, it will be impossible to conclude ratification formalities through the European parliament, and all the individual national parliaments, by the end of the year.

The danger will then be that the whole enlargement process will slip back to 1996 or even 1997, and political momentum lost, according to officials.

The urgency of the enlargement timetable is such that Bonn believes far-reaching institutional reforms of the EC, to streamline its activities, should be postponed until the next full-scale inter-governmental conference on political union in 1996.

Both Paris and London, as well as many politicians in Germany, are concerned that the enlarged Community will become hopelessly unwieldy and incapable of taking decisions without institutional reforms. They would include reduction in the size of the European Commission and the European Court, and overhaul-

ing the current six-monthly rotation of the EC presidency. Ideas for streamlining the Commission to just 10 members, and similarly reducing the size of the European Court, have been floated in Paris and Bonn. However, the thinking now in Germany is that it will be impossible to reach political agreement on such a drastic move in the next five months.

Another key element in the reform debate - probably the most contentious issue of all - is the future weighting of votes in the EC Council of Ministers, between the large member states, like Britain, France, Germany and Italy, and the smaller ones. The enlarged Community will reduce the ability of the Big Three to prevent decisions they do not like.

At present, two large members, with 10 votes apiece, and one small member, with just three votes, can constitute a "blocking minority". In an enlarged Community, the blocking minority would need to be 27 votes, not the current 23 - thus requiring a broader alliance of two big, one small and one medium member state.

The German thinking is that the change is not so important that it cannot be postponed until the planned 1996 conference. The same is also true of the size of the Commission, the European Court and the rotation of the EC presidency.

Miners turn meaning of Solidarity on its head

Poland's last government has passed on a nightmare, writes Christopher Bobinski

THE MEN sprawled across the entrance hall of Poland's coal mining industry headquarters in Katowice know they have their backs to the wall.

But these striking coalminers from Zory, a town of 60,000 inhabitants south of Katowice in southern Poland, look set to present the future Polish government with its first headache - an unresolved dispute inherited from the outgoing government of Ms Hanna Suchocka.

They are demanding that promises of new jobs in mines elsewhere, which were made last winter in the wake of a three-week stoppage, be honoured. Alternatively they want the planned closure of their loss-making coking coal pit by 1995 slowed or substantial redundancy benefits paid for two years.

The coalition government, defeated in elections on September 19, failed to satisfy their demands. These were triggered again when the first 250 redundancies were announced last week.

Now their protest threatens to spread as miners take over other management buildings in an attempt to paralyse the industry.

The dispute is the first big test for the next - left-of-centre

government coalition, now in its birth throes as the Polish Peasant party (PSL) and the former communist Left Democratic Alliance (SLD) search for a consensus on policy and cabinet posts.

The Zory dismissals are the first of a series planned to bring the number of miners down to 200,000 toward the

In the name of reform Solidarity sought to defuse worker militancy. Now it's backing the coalminers' strike

end of the century from its present 320,000, matching falling output from 178m tonnes in 1989 to an expected 124m tonnes this year.

The proposed cuts challenge a favoured workforce that has traditionally been at the top of wage scales and, in the late 1970s and 1980s, had guaranteed access to western consumer goods as a reward for working a six-day week.

The strike could prove a stiff test for the SLD which has a massive faultline running down its 171-strong caucus in the 460-seat parliament. As

many as 61 of those SLD deputies owe allegiance to the OPZZ, a trade union federation established in the 1930s under the auspices of the then ruling Communists, and which has won a measure of credibility, in opposition, in the past four years. This was when its rival, the Solidarity union, sought at massive political cost to itself to defuse shop-floor protests as it protected the reforming government's tight money policies.

Now the roles are reversed as the SLD leadership adopts the reformist language of the new era, partly through conviction and partly because it knows it has to retain credibility with the International Monetary Fund and the World Bank.

Pay protests last spring led to the fall of the outgoing government and there is a queue of groups ready to renew their assault on a threadbare budget.

The miners playing table tennis in the corridors and cards in the headquarter's conference rooms are non-committal about any new government.

"We are trade unionists and so we don't get involved in politics," says Mr Ryszard Jaston, Zory's Solidarity leader whose rag-tag army is well versed in the art of protest. The strikes



Krzaklewski promises 'more radical' pursuit of demands

in 1980 to win trade union rights, then against martial law in the bitterly cold winter of 1981 and again in 1988 for Solidarity, are emblemized on the Zory pit's battle standards. The strike by the 2,500 miners still employed at the pit

and the occupation of the industry headquarters is being led by Solidarity. But it is also backed by the Contra union linked to the populist Confederation for an Independent Poland (KPN) party. The KPN scraped into parliament on

September 19 with 5.8 per cent of the national vote and 22 seats. But the party is strong among miners and won 18 per cent of the vote in the town of Zory itself against Solidarity's 3.4 per cent.

The SLD also performed strongly, winning a 19 per cent share of the vote in Zory. Nevertheless the local branch of the OPZZ has failed to back the protest, even though Ms Ewa Spychalska, the tough and canny national head of the 4.5m-strong movement and an SLD deputy, has said "we back the miners" and many of her members are occupying the headquarters.

The dispute should help Solidarity, which just failed to win the 5 per cent of the national vote needed to get into parliament, repair its frayed credibility. Its national leader, Mr Marian Krzaklewski, has already said his movement will be "more radical" than before in pursuing its demands. Indeed he talks of "using all legal means to speed new elections".

Whatever government is installed in the next few weeks in Poland, its freedom of manoeuvre will be limited. One question is whether the miners' mood, once the hopes the elections have engendered are dashed, will turn to one of anger or apathy.

Attack on Moslems by Bosnian Croats

FIGHTING between Croats and Moslems worsened yesterday while international negotiators struggled to forge an agreement on keeping UN troops in ex-Yugoslavia, Reuters reports from Sarajevo.

A spokesman for the United Nations Protection Force (UNPROFOR) said Bosnian Croats had launched an offensive against Moslems in Kiseljak, in central Bosnia about 35km west of Sarajevo.

Col Bill Aikman also told reporters in Sarajevo that parts of the disputed southern town of Mostar had come under mortar fire despite a ceasefire signed at the week-

end between Croats and Moslems. Two civilians died in the shelling, Sarajevo's Moslem-controlled radio reported yesterday.

European Community foreign ministers meeting in Luxembourg were discussing the deadlock in peace talks, prompted when the Moslem-led Bosnian government effectively rejected the latest Geneva peace plan by demanding more concessions on land.

Peace mediators Lord Owen and Mr Thorvald Stoltenberg said they had not given up hopes for an end to the war in Bosnia, but a settlement looked far away.

Warning on EC move to pension fund compromise

By Andrew Hill in Brussels

EC MEMBER states are moving towards a compromise on liberalisation of pension funds which could damage the industry and increase the cost of labour and pensions, according to the pension funds' trade association.

The measure, which would affect 83 per cent of the Ecu 1,000bn (£766bn) of assets in European pension funds, was originally intended to open up cross-border investment and management of funds. But the European Federation for Retirement Provision (EFRP) yesterday warned the EC risked adopting "a counterproductive and restrictive directive".

The federation claims a working group of national officials, appointed in June to re-examine the draft directive, is diluting the measure, despite objections from countries such as the Netherlands and the UK, which have large funded pen-

sion schemes. For example, the draft would abolish requirements for pension funds to invest a minimum of their capital in certain categories of assets, such as government bonds.

The federation has welcomed this move, but believes EC countries will be able to get round the obligation, because maximum limits are not outlawed.

Some member states, such as Italy and France, also want to maintain or strengthen strict limits on the proportion of assets which can be invested in currencies other than that of the fund's home country.

The measure should be discussed by ministers at one of the two internal market councils to be held by year-end. Officials from Belgium, which holds the EC presidency until January, said a general "willingness to compromise" existed on the directive. Belgium has called a pensions funds working group meeting today.

LUXEMBOURG: 7-9, BOULEVARD ROYAL—MEETING POINT FOR YOUR INVESTMENTS.



As a subsidiary of Bayerische Landesbank Munich we have been active in the Luxembourg Financial Centre since 1973. The variety of international investment opportunities as well as the ever changing economic and political climate today requires for customized portfolio management increasingly highly qualified professionals. We endeavour to provide our demanding clients with the most personal services. Minimum amount for investments DM 100'. Portfolio management starting at DM 250'.

For specific information just call us or send in the coupon.

BAYERISCHE LANDESBANK International S.A.
7-9 bd. Royal, L-2016 Luxembourg, Phone (00352) 475911-1, Fax (00352) 475911-302

☐ I am specifically interested in

☐ Please call me

Telephone

I can be contacted between _____ and _____

Name

Street

City/Code

Bayerische Landesbank
International S.A., Luxembourg

We also can be reached via our parent corporation, the BAYERISCHE LANDESBANK Girozentrale, Munich as well as via any Bavarian savings banks.

Style
beyond the
computation
of the
analyst.

How much does a good suit add to your value? It counts; but it cannot be calculated.

AUSTIN REED
11-13 FENCHURCH STREET
LONDON EC3A 3AF
AND BRANCHES COUNTRY WIDE

NEWS: CRISIS IN RUSSIA

West backs Russian leader's action

By Our Foreign Staff

WESTERN leaders rallied behind President Boris Yeltsin yesterday, pledging their continuing support for the Russian leader after the surrender of his opponents in Moscow.

The US found no fault with the suppression of the Moscow revolt. The operation in Moscow had been "strategically planned and tactically executed so as to minimise the loss of life," said Mr Strobe Talbott, in charge of policy towards the former Soviet Union at the State Department.

Mr Warren Christopher, the secretary of state, may go to Moscow later this month to demonstrate the "business as

usual" US approach. Earlier, Ms Dee Dee Myers, the White House spokeswoman, said President Bill Clinton, who is in California, stood "four square" behind President Yeltsin. "Democratic governments have to defend themselves against force and clearly that's what Yeltsin has done."

In Luxembourg, the European Community backed Mr Yeltsin with an agreement in principle to hold an EC-Russia summit in November and to accelerate efforts to reach a new bilateral trade agreement by the end of the year.

The strategy, agreed at a meeting of EC foreign ministers, rests on strengthening political support for pro-democ-

cracy forces in the run-up to Russia's parliamentary elections scheduled to take place in December. Brussels officials said, "We are putting our money on the Yeltsin horse."

Britain, France and Germany led the push for Mr Yeltsin at the Luxembourg gathering yesterday. A joint statement deplored the loss of life in Moscow, but declared that "elements hostile to the democratisation forces in Russia" carried "a heavy responsibility for having deliberately provoked violence in the Russian parliament and in different parts of the capital".

In Bonn, Mr Helmut Kohl,

the German chancellor, said Mr Yeltsin had his "full sympathy and support". He identified a "vital interest of Germany and the west in a continuation of the democratic reform process in Russia, as embodied by President Yeltsin".

Mr John Major, the British prime minister, said in London: "There should be no doubt that he [Yeltsin] has our total and unequivocal support for the action that he has taken." He was speaking after talks with Mr Boris Pankin, the Russian ambassador.

The Japanese government expressed full support for the reform aims of Mr Yeltsin, who is due to visit Tokyo next week. Mr Tsutomu Hata, the

foreign minister, said Mr Yeltsin's reform efforts "must not be blocked, and Japan's support for his efforts will be unchanged".

China was the only important power not to back Mr Yeltsin, painstakingly avoiding taking sides. "We are deeply concerned about the recent bloodshed in Moscow," the Chinese Foreign Ministry said.

At the Luxembourg meeting of EC foreign ministers yesterday, Sir Leon Brittan, EC commissioner for external affairs, urged ministers to be more flexible in trade negotiations with Russia so that a deal could be wrapped up by the end of the year. The EC underlined yesterday it would want

to discuss with Russia security issues and prospects for Nato enlargement, as well as bilateral trade at the proposed summit in November.

Mr Yeltsin considers a trade and political co-operation pact with the EC to be a big prize, but talks stalled during the summer over several Russian demands which Brussels considers unrealistic. These include Mr Yeltsin's wish for the same treatment as emerging democracies in eastern Europe, such as Poland and the Czech Republic, rather than as a "state trading" country such as China or North Korea, whose exports can be restricted under so-called safeguard clauses.

The bloody drama hour-by-hour

- 05.00-06.00 ● Troops deployed around Kremlin and Defence Ministry
● Fighting at TV headquarters abates; building remains in the hands of Yeltsin supporters
- 06.00-07.00 ● Talks between Yeltsin and parliament camps broken off
- 07.00-08.00 ● Armoured personnel carriers attacked from parliament building
● Yeltsin orders troops to urgently liberate buildings held by opposition forces
● 25 people reported killed in overnight fighting
- 08.00-09.00 ● Tanks encircle parliament
- 09.00-10.00 ● Yeltsin vows in TV broadcast to crush "fascist-communist mutiny"
● Troops storm parliament amid tank and machinegun fire and seize first two floors
● Rebellion leader Rutskoi appeals for talks with Yeltsin; Rutskoi told assault would end if all defenders surrender arms and emerge under white flags
- 10.00-11.00 ● Rutskoi reportedly agrees that armed volunteers should leave building
- 11.00-12.00 ● Parliament chairman Khasbulatov says he ready for negotiations but not surrender
● Tanks pound parliament; clouds of thick smoke pour from 13th storey
- 12.00-14.00 ● Thousands of onlookers, including children, gather as the operation continues; more armoured cars, light tanks and troop trucks enter the city centre
- 14.00-16.00 ● Three rebels leave building carrying white flags; Defence Minister Grachev arrives for talks
● Yeltsin aide estimates that 500 have been killed inside the building, but this is later officially said to be "greatly exaggerated"
● Yeltsin imposes overnight curfew in city from 23.00 to 05.00
● Yeltsin aide says any defenders who raised hands in air, dropped weapons or raised white flags would be spared but there would be no guarantee "for those who started all this bloodshed"
● Yeltsin reportedly leaves Kremlin headquarters for home
● French television says Rutskoi and Khasbulatov ready to surrender if safety guaranteed
- 16.00-17.00 ● Troops renew assault with tank and machinegun attacks; 2,000 people are now onlookers
● Lines of unarmed people start leaving the burning building, men and women, many with their hands behind their heads. Their number soon grows to several hundreds
● Not long afterwards Rutskoi and Khasbulatov also surrender

Markets take a cautious view

By Our Markets Staff

WORLD financial markets appeared yesterday to put their faith in the relative stability offered by President Yeltsin, although most trading was still cautious.

"People took the view that Yeltsin would win even if it meant flattening the White House," said Mr Julian Jessop of Midland Global Markets.

The D-Mark, the currency most at risk from any turmoil in Russia, recovered an early loss of around two pence on Far East markets to close later in London at DML6240 against the dollar.

European government bond markets, which normally thrive in a climate of political stability, rose across the board. Stock markets also edged higher.

German government bonds moved higher, with the bund futures contract for December ending 0.20 points higher at around 99.00.

Gold rose sharply at the opening in London, but plunged later under pressure from US selling inspired by the belief that Russia's turmoil was ending. It closed down \$2.45 at \$352.75.

European equity markets were relatively unperturbed in early trading but rose as Mr Yeltsin was perceived to be regaining control.

German government bonds moved higher, with the bund futures contract for December ending 0.20 points higher at around 99.00.

Gold rose sharply at the opening in London, but plunged later under pressure from US selling inspired by the belief that Russia's turmoil was ending. It closed down \$2.45 at \$352.75.

European equity markets were relatively unperturbed in early trading but rose as Mr Yeltsin was perceived to be regaining control.

IMF loan may be delayed

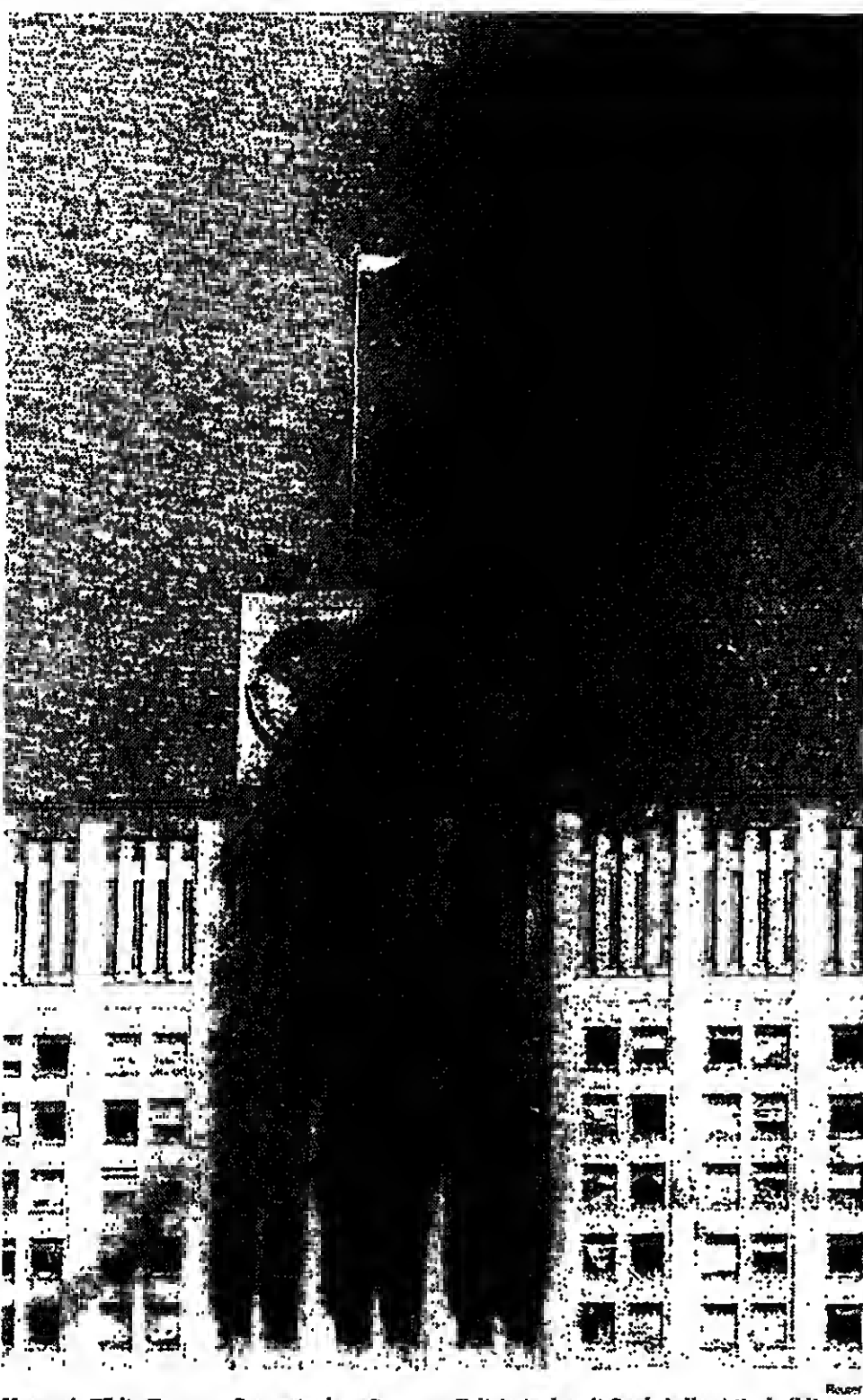
THE latest developments in Moscow have left the International Monetary Fund more uncertain than ever about whether it will be able to resume financial support for economic reform in Russia, writes Peter Norman. Economics Editor.

Yesterday, officials in Washington were trying to establish what had happened to the IMF office in Moscow after reports that it had come under fire.

More worrying were the implications for the future. Ten days ago, Mr Michel Camdessus, the IMF managing director, put a brave face on events in Russia and held out hope that Mr Boris Yeltsin's government would be able to step up the process of economic reform sufficiently to qualify for a \$1.5bn (£970m) payment early next year.

But after a visit by IMF economists to Moscow, the fund's view is that plans already announced for subsidy cuts and controls over credit and the central bank are insufficient.

Whether Mr Yeltsin's government will be able to turn policy into practice is also an open question.



Moscow's White House on fire yesterday after a pro-Yeltsin tank unit fired shells at the building

Foreign companies take cover – but not flight

By Our Industrial Staff

MR GEOFF RHODES, British Airways manager in Moscow, spent yesterday lying on the floor of his office. Above him, snipers on top of the 20-storey Mezhdunarodnaya building exchanged fire with artillery on the ground.

Despite the disruption to business, however, foreign companies were cautiously optimistic about the situation yesterday. They also emphasised that operations outside the Russian capital were largely unaffected.

The UK computer company International Computers (ICL), which has been operating in Russia for 25 years, said the expectation among staff and customers was that the situation would soon return to normal. Emergency plans to evacuate staff were in place, but

things would have to get "very much worse" before they were implemented, ICL said.

The German chemicals group BASF, which has its office very close to the White House, said its 40 staff had stayed away yesterday. However, work on its two joint ventures in Siberia went on as usual.

BAT Industries, the UK-based tobacco giant, said: "We have a staff of 30 in the city, but we have not taken any steps yet to pull them out. They are all staying in their homes for the time being and appear to be safe there."

Flights in and out of Moscow's Sheremetyevo airport were unaffected, BA reported yesterday. Russian airspace, the main air corridor between Europe and Japan, was still open.

However, BA staff at the air-

port were staying at nearby hotels last night rather than risk returning to their homes in the city.

One western oil company executive said in London yesterday that production was normal at the company's operations in western Siberia. "We're just carrying out business as usual," he said. "We're in Russia for the long term and believe the government will overcome its present problems."

Most companies said their financial exposure to Russia was strictly limited.

The engineering contractor Trafalgar House, which has large contracts with the Russian government, said all its Russian business was covered by advance funding. ICL said that on a worst case, the investment it stood to lose in Russia was only £2m-£3m.

Yeltsin pulls army into political ring

By Leyla Boulton in Moscow

IT IS an irony that Mr Boris Yeltsin relied so heavily on the army to prevail over his enemies yesterday – an army which had desperately tried to stay out of Russia's political battles.

Only two weeks ago, General Pavel Grachev, the defence minister, warned of disaster if the army were drawn into politics.

But when police and Interior Ministry troops fled from the rag-tag army who broke out of the White House on Sunday, Mr Yeltsin had only the army to turn to.

"I am not surprised by the support he received because the army's conditions had considerably improved in recent times," says Professor Sergei Blagovolnii, a defence expert at Moscow's Institute for National Security and Strategic Studies.

"But I am surprised by the fact that support was so unanimous," he says. "By investing officers' pay and touring key garrisons outside Moscow, Mr Yeltsin had done a certain amount of homework before using the army."

But more than anything else, the success of Mr Yeltsin's desperate gamble depended on the speed with which elite troops moved to crush the rebellion in the White House.

At his disposal were the paratroopers from the 77th Guards airborne division in Pskov and the 106th from Tula, as well as the Kantemir artillery division, which is a four-hour tank drive from Moscow.

Any protracted conflict in Moscow would have given army commanders more time for doubt. That was precisely

what the disgraced vice-president, Gen Alexander Rutskoi, had banked on when he ordered his detachments to seize key points in the city.

In the event, Gen Alexander Lebed, the ambitious commander of Russian forces in the breakaway enclave of Dnestr, was the only senior officer to publicly express doubt in Mr Yeltsin's ability to override the crisis as he did. But he went no further than suggesting that Russia's regional leaders should take power in their hands.

Mr Rutskoi may have complained at a press conference only hours before the onslaught that Mr Yeltsin would be held responsible for the destruction of the army and the fact that it could no longer defend the motherland.

But it was Mr Rutskoi, a former Afghan war veteran who saw himself as the country's saviour, who pushed Russia to the brink of civil war by making a last ditch for power.

"He was nothing but a puppet who was manipulated by pro-communist forces," said Nikolai, a major in the air force where Mr Rutskoi made his mark. "They thought the army would follow him."

But more than anything else, the army is afraid of the country falling apart," he added, as he stopped along the Moscow River to watch the storming of the White House.

"It has stopped believing rival politicians' promises they would do a better job defending the army's interests."

Popular memories of Russia's own murderous civil war in 1918-20, as well as the disgrace of officers who sup-

ported the failed coup against President Mikhail Gorbachev, were an added incentive for officers to keep their heads down.

But another lesson of the 1991 coup, which Mr Yeltsin must now act on, is to capitalise on his victory and move ahead quickly with reforms, including sweeping reform of the army.

The fact that only officers manned the tanks and armoured personnel carriers at the White House underlined Kremlin leaders' preference for a professional army instead of its big unwieldy conscript force. But moves to cut the 2m-strong force to a 1.5m semi-professional army, and to stop it from meddling in the affairs of other former Soviet republics, will require level-headed management of the army by the civilians. Although conscripts were present, President Yeltsin's military adviser, Gen

Dmitry Volkogonov, said the White House operation was planned to "prevent the deaths of Russian 18-year-old conscripts".

The pace of the assault on the White House was also slowed to minimise a loss of life among the anti-terrorist Spetsnaz troops who were the first into the parliament building yesterday.

The Russian army has traditionally played a crucial role in Russian history. "In truth what is it that has essentially upheld Russian statehood? Not only but exclusively the army," said Mr Sergei Witte, Russia's prime minister at the beginning of the 19th century.

But at a time when the country faces dire financial straits and restlessness among its regions, its masters are rightly keen to use the world's most powerful standing army with care.

Western military surprised by number of troops used and timescale
Assault tactics puzzle experts

By David White, Defence Correspondent

MILITARY experts were puzzled yesterday by the tactics used in the assault against Moscow's parliament building.

Despite the success of the operation, they said they would have expected a much larger force to be deployed to ensure a quick result.

They were surprised that no attempt was made to set up a security cordon to keep crowds back and allow forces to take over the White House unimpeded. Instead, bystanders were allowed to come between the firing line and the building.

About 500-700 troops were thought to have been involved in clearing the building itself, with about 1,000 more – two battalions' worth – in the immediate vicinity.

Armoured vehicles from

crack airborne units, which could have ferried forces in by helicopter, were not sighted until late in the proceedings.

Perhaps most astonishing was the apparently hasty preparation.

Perhaps most astonishing was the apparently hasty preparation. Tanks did not come with their ammunition loaded, as would normally be the case.

According to western experts, the operation relied mainly on two divisions, with tanks from the 4th Guards tank division and armoured personnel carriers from the 2nd Guards motor rifle division. Both these divisions were deployed during the abortive 1991 coup. Mr Yeltsin has

credited them with refusing to attack the parliament building on that occasion.

Also involved were elements of the Interior Ministry Dzerzhinsky division, the 27th

motor rifle brigade, as well as the Kremlin Guard, which reinforced its positions on Sunday night, and elite army special units, employed in the storming of the White House.

Experts saw several possible explanations for what they described as the "unusual" nature of the operation:

- An effort to keep casualties down, partly in response to international pressures. How-

ever, one expert pointed out: "It is not necessarily a good way of minimising casualties to attack a building with an insufficient force."

- Concern about stirring up the civilian population.
- An indication that Mr Yeltsin did not have many reliable units to call on.

Hasty preparation could suggest that initial plans for storming the building had to be abandoned. Most senior military figures are thought to have been extremely reluctant to become involved in the political struggle.

Experts believe the scenes at Moscow may have built up resentment in the military against Mr Yeltsin's handling of the crisis.

They also believe it may be harder for him to count on military support as he confronts regional demands for autonomy.

Eastern Europe looks on without the old fears

No longer directly affected, countries of the former Soviet bloc see President Yeltsin as democracy's best hope, FT writers report

THE tremors from power struggles in Moscow have traditionally radiated far beyond the confines of the Kremlin and been monitored with a mixture of hope and fear in east and central Europe.

This time too, anxious spectators have been glued to live television and radio reports of events around the Moscow White House. But this time it is different.

For the first time in five decades the peoples of former communist Europe have been watching as voyeurs rather than potential participants in a drama whose outcome could immediately threaten their own existence. For politicians, businessmen and ordinary citizens, the travails of the new Russia are looked on with understanding more than fear, and Russia is

seen more as a long-term trade partner than a potential enemy.

Yesterday, east and central European leaders joined those from the west in expressing support for Mr Boris Yeltsin, as democracy's best hope.

Czech President Vaclav Havel said: "It is a clash between those who seek democracy and those who have decided to fight under the red flag and at the cost of bloodshed and victims to reinstall the old order."

Ukraine strongly condemned the "irresponsible and adventurist" Russian parliament and appealed to the Russian people to support the government and "prevent the reversal of democratic reforms".

It was very different in August 1991. When the anti-Gorbachev forces set out to

restore the essentials of the old Soviet empire, both the Soviet Union and the Soviet Communist party still existed. Thousands of Soviet troops remained in Poland, Hungary and Czechoslovakia as well as former East Germany.

At that point a victory for the old communist forces could still have led to a new chill in relations with the west and, perhaps, a new attempt to reassert some form of Soviet control over the former east bloc.

Yet such a restoration would have been beyond the powers of those who filed out of the White House yesterday afternoon after falling to wrest power from President Yeltsin. Russia without the Baltic states, Belarus, and above all Ukraine and the central Asian states, is not the same as the Soviet Union. It is still huge and

unwieldy, and needs a new constitutional arrangement to give a more flexible federal structure. But it is no longer the threatening Soviet bear.

Mr Jozsef Antall, the Hungarian prime minister, yesterday declared his support for Mr Yeltsin. He went on to reassure Hungarians who fought their own bloody revolt against Soviet rule in 1956, of his conviction that "no problem would arise which would mean the victory of the forces of restoration or some such crisis which would affect the whole world".

At the same time, however, he said continuing instability in the east highlighted the need for Hungary and other former communist states in central Europe to be

fully integrated into a wider European Community and Nato.

The sight of fighting in the streets of Moscow also revived nervousness in Warsaw, where a week earlier voters had been sufficiently nonchalant about any communist danger from the east to support former communist-era parties at the general elections.

"What happens if the armed forces in the Kaliningrad region decide to march home to take part in the conflict? One of their possible routes lies through Poland," one commentator worried aloud on Polish television on Sunday.

But Mr Aleksander Kwasniewski, the leader of the Democratic Left Alliance was quick to tell the Gazeta Wyborcza newspaper that his party was not interested in

supporting anyone "who wants to rebuild Russia's imperial traditions".

"We are for democracy, a free market and integration with Europe, and it is this light that we will assess the changes in Russia" he said.

In the same paper Mr Bronislaw Geresmek, leader of the Democratic Union mainstream Solidarity party, warned that events in Moscow marked "an enormous threat to European security" in the circumstances, the west "should not support just anyone who was able to restore order in Russia but... the most important thing was that the democratic reforms in Russia should continue".

Reporting by Christopher Bobinski in Warsaw, Nicholas Denton in Budapest and Anthony Robinson in London

Republican leader to quit

Michel goes, Gingrich may take over in House

By George Graham
in Washington

IN a move which could herald more confrontational relations between the Republican party and the Democratic administration, Congressman Robert Michel, leader of the Republican minority in the US House of Representatives, yesterday announced he would retire from Congress after the next election.

Mr Newt Gingrich, an acid-tongued Georgia conservative, is the front-runner to take Mr Michel's place as leader.

Mr Michel, 70, has been in Congress for 37 years and served as House Republican leader since 1989.

His obvious discontent with the younger right-wingers in his party in the past few years

has less to do with content than with style. His own voting record is solidly conservative on economic, social and foreign policy issues, but he also comes from a tradition of working with the majority Democrats in order to win concessions.

He particularly resents those of his colleagues who spend their time in Washington criticising Congress.

"I never went to Congress with the idea of trashing that institution," he said.

The younger right-wingers, who now dominate the House Republicans, "judge not by philosophy but by belligerence", according to former Republican congressman Mickey Edwards of Oklahoma.

Mr Gingrich, a mop-headed former history teacher, has been the leader of this school, and now holds the Republi-

cans' number two position as minority whip.

Senator Robert Dole, the Republican leader in the other chamber, faces much the same sort of challenge as Mr Michel from Senator Phil Gramm of Texas, another aggressive right-winger.



Michel: disillusionment

Joulwan named to head Nato forces

PRESIDENT Bill Clinton yesterday named General George A. Joulwan as Supreme Allied Commander of the North Atlantic Treaty Organisation's forces in Europe (Saceur), George Graham writes from Washington.

The Pentagon said the Nato allies had already approved Gen Joulwan's appointment, which opens the way for General John Shalikashvili, his predecessor as Saceur, to take up his new post as chairman of the US Joint Chiefs of Staff.

Senator Sam Nunn, chairman of the Senate armed services committee, said he would not complete Gen Shalikashvili's confirmation until a successor had been named.

Gen Joulwan, 58, is in Panama as head of the US Southern Command, in charge of all US forces in Latin America. Known for a ferocious temper, he has overseen US efforts to curb drug running and terrorism in Latin Amer-



Joulwan: overseeing fight against drug-running and terrorism in Latin America

ica, as well as presiding over preparations for the US's withdrawal from the Panama Canal by the end of 1999. An infantryman with two combat tours in Vietnam and extensive service in Europe, he had been considered less experienced than some other candidates in the political skills required for the job. Besides completing the

reduction in US forces in Europe to around 100,000, General Joulwan will also face the challenge of leading Nato in its adaptation to new tasks such as peacekeeping.

Economic virtue brings Mexico little reward

MEXICO'S reward for eight years of textbook market economic policies is proving scant. Modest growth of 2.4 per cent last year gave way to a 1.4 per cent expansion in the first half of this year, while growth in the second quarter amounted to just 0.3 per cent, with agriculture and manufacturing contracting by 3.7 per cent and 1.1 per cent.

For Mexico's ruling party, which faces a presidential election in August, the low growth threatens to erode support for the pre-market economic reforms of the past decade. All year, businesses, unions and farmers have been clamouring for more expansionary fiscal and monetary policies.

Some of these demands were met on Sunday when President Carlos Salinas announced measures agreed in the annual pact between government, unions and the private sector. These included a cut in corporate and employment taxes, and a more than 15 per cent increase in the minimum wage by next year.

That would see the government with a balanced budget next year, down from an expected surplus this year of about 1.1 per cent of GDP.

Despite such fiscal prudence, the economy remains vulnerable, particularly if the North American Free Trade Agreement is not approved as scheduled by January 1. Were Nafta rejected, the government might have to push interest rates even higher than the 8 per cent real rate already seen to protect the exchange rate.

A greater problem might be the uncertainty of another postponement of the treaty. Investment, the main engine of economic growth over the past two years, has slowed sharply this year, partly in response to

high interest rates, but also as nervous businessmen await the Nafta outcome.

Meanwhile, Mexico's private sector is undergoing a radical transformation to compete under free trade and unregulated domestic markets. Most

businesses have cut production in unprofitable lines, fired workers, and closed factories. In the short term, such actions have contributed to the slow-down.

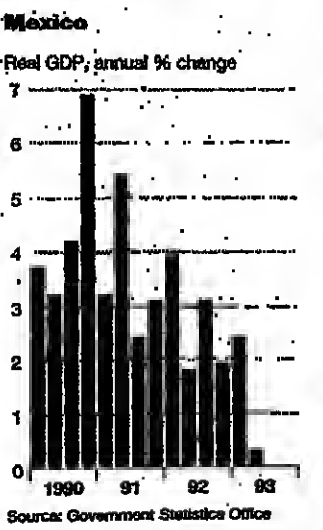
Mr Sebastian Edwards, the chief economist for Latin America at the World Bank, says: "It takes a lot of time for reforms to work. The big question is whether there is enough patience in a democracy, or semi-democracy, to wait long enough for the results."

Mr Edwards emphasises that Mexico's labour laws still encourage rigid work practices, and the country has, according to Mr Edwards, the most distorted system of severance payments in all Latin America. This has made the job of restructuring Mexican companies more onerous than it could have been.

For the moment a reform of the labour laws is out of the question. As the new social pact reflected, the ruling party is nervous about upsetting the unions in the run-up to the presidential election. And any attempt to weaken unions before the US congressional vote on Nafta would almost certainly create a furore in the US.

However, Mr Salinas yesterday announced a radical reform of Mexico's agricultural sector, replacing price supports with direct cash grants to farmers. Later this year, he is expected to propose a new liberal foreign investment law and legislation allowing more private investment in railways and airports.

A government official says the increased emphasis on micro-economic reform accompanied by a gentle relaxation of fiscal policy will lead to economic growth of around 3.5 per cent next year. If such growth is not obtained, then the "Mexican model" may start to lose its lustre.



US poverty figures show 30-year high

THE number of US citizens living in poverty last year reached a 30-year high, at 36.9m people, equivalent to 14.5 per cent of the population, Renter reports.

That compared with 19.5 per cent in 1963, the US Census Bureau said yesterday.

The south remained the region with the highest poverty rate, 16.9 per cent.

Household income was flat compared with the year before, except in the north-east, where median household income fell 3.7 per cent. The number of those lacking health insurance also climbed by nearly 6 per cent to 37.4m, the bureau said.

Poll boost for Argentina's rulers

By John Barham in Buenos Aires

ARGENTINA'S Peronist government has emerged as the overwhelming victor in Sunday's mid-term congressional elections. The government took 43 per cent of the votes against 30 per cent for the Radicals, the main opposition party.

The Peronist triumph was more significant for its defeat of the Radicals in Buenos Aires city, their traditional stronghold, and a decisive victory in Buenos Aires province, the country's most populous region.

The government now holds 48 per cent of the seats in the 257-strong lower Cham-

ber of Deputies, against 45 per cent before the election. It already has a two-thirds majority in the Senate.

The victory should increase President Carlos Menem's chances of amending the constitution so that he can run for re-election.

The government's only significant reverse was in the province of Córdoba, where the Radicals have ruled for 10 years. The economy minister, Mr Domingo Cavallo, led the government campaign in Córdoba, but the Peronists won only 35 per cent of the votes - 2 points less than in the last elections two years ago.

Mr Cavallo said yesterday he was "sad

and disappointed" with the outcome, attributed to local political rivalries. Mr Cavallo's successful economic policies were the chief factor in the government's election victory but his rumoured bid for the presidency in 1995 now looks less likely.

Mr Eduardo Angeloz, governor of Córdoba and Mr Menem's challenger in the 1989 presidential elections, has grown in stature as a contender for the Radical presidential nomination.

The Peronists' surprising victory in the city of Buenos Aires has transformed Mr Erman González, a former economy minister who spearheaded the campaign, into a powerful figure in national politics.

In Telford, it's as easy getting people to work as it is getting people to work.

If you're considering relocating, consider this. In Telford, you'll find a willing, multi-skilled workforce whose journey to work won't be plagued by traffic, train strikes or the '8.24' turning into the '9.25'.

What you will find is a population of young people (we have a workforce that's growing at eight times the rate of the national average) who can travel into your office or factory unimpeded. Thanks to an internal road system most commuters would give their right wheel for.

We've over 800 kilometres of fast, scenic roads and only four sets of traffic lights, not to mention our very own motorway.

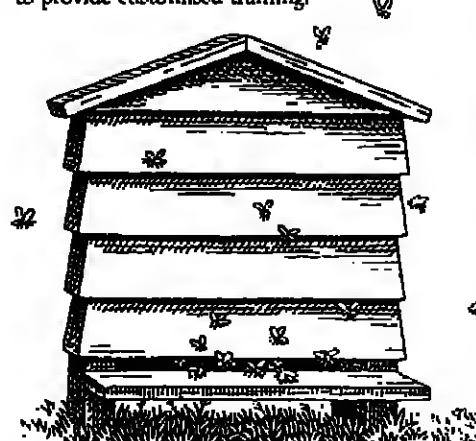
Which makes journeying out of Telford every bit as easy. Most major cities are just a comfortable drive away, as are the International airports.

But our workforce is not just fresh arriving at work, it's open to fresh ideas too.

A myriad of companies from around the world mean new working practices and shift patterns (not to mention tomorrow's technology) are the norm in Telford, not the exception.

And you would expect a growing high tech town like Telford to have a thriving training sector.

In fact it has one of the largest Information Technology Centres in the UK, a new multi-million pound university and colleges geared up to provide customised training.



But it's not all work and no play.

Telford has a 450 acre town park, (the largest in Europe), swimming pools, golf courses, ski slopes, an athletics track, sports centres, a cinema, bowling alley, ice rink and more besides.

All in all Telford is both commercially and socially a hive of activity, with everything you'd expect to find in a big city.

Except for stressed out people and traffic jams of course.

Telford.
development agency

Call David Rogerson and his team on 0952 293262

HIGH INTEREST AND INSTANT ACCESS

The Lombard Classic 90 account is designed specially to provide all the benefits you could want for your savings.

HIGHER RATES OF INTEREST

FOUR LEVELS OF HIGH INTEREST - The more you put in the higher the rate of interest your money will earn. As your balance increases so will your interest.

ACCOUNT BALANCE	GROSS RATE % pa	C.A.R.*
\$5,000 - \$9,999	5.875	6.01
\$10,000 - \$24,999	6.00	6.14
\$25,000 - \$49,999	6.25	6.40
\$50,000+	6.50	6.66

*The Compound Annual Rate is the true annual return on your savings if the full quarterly interest credited to the account. Gross rates shown are not net of basic rate tax and are correct as at the time of going to press, but may vary.

SPECIAL INSTANT ACCESS

Our special instant access facility allows you to make one withdrawal each year of up to 10% of your balance without giving notice and without incurring a penalty. You are not limited to the one penalty free withdrawal - you can make other withdrawals without penalty simply by giving 90 days notice. This special instant access benefit will only be available after your account has been open for 6 months.

CONFIDENTIALITY

You have Lombard's assurance that your Classic 90 account will be operated in complete confidence.

Fill in and send the coupon for details of our Classic 90 account or call us on 071 409 3434 or fax 071 629 3739 quoting reference 1446.

Registered in England No. 337004.
Registered Office: Lombard House, 3 Princess Way, Redhill, Surrey RH1 1NP, England

Lombard

DEPOSIT ACCOUNTS

To: Chris Williams, Lombard House Central PLC, Building Services Department 1446, 34a Queen's Street, London W1A 1LE, England.

Please return this coupon for a copy of our Classic 90 brochure. (31) NAME (PRINT IN CAPITALS)

NAME (Mr/Ms/Mrs/Ms)

ADDRESS

A member of the National Westminster Bank group whose capital and reserves exceed £1,722,000,000.

IN INDONESIA WE PROTECT THE RAINFOREST WITH FISH.

A WWF project has resulted in over a hundred fish ponds being built in the Irian Jaya rainforest, in eastern Indonesia.

The fish ponds provide a much needed, reliable source of income and food for the local community. They also produce an invaluable by-product, a reason for the villagers to take care of the local rain forest. The ponds require a supply of clean, fresh water. This is only available throughout the year if water-retaining roots of the neighbouring trees are kept intact. Which gave WWF good reason to provide plant and concrete for the ponds, and fish to stock them with.

And because we believe it is more important to motivate by physical example than by just giving advice, WWF agricultural extension workers helped to construct concrete tanks and dig fish ponds. Now an entire community benefits, and the entire community runs the fish pond programme without outside help. If you would like to help us set up practical projects to save the rainforests, write to the Membership Office at the address below.



World Wide Fund for Nature (formerly World Wildlife Fund) International Secretariat, 1196 Gland, Switzerland.

NEWS: INTERNATIONAL

Fresh arrest in Japanese 'bribes' case

By Robert Thomson in Tokyo

JAPANESE public prosecutors yesterday arrested an executive of Taisei, a leading construction company which had denied its head-office officials were involved in a widening political bribery scandal.

Mr Takashi Hashimoto, 57, a vice-president of Taisei, was arrested for his alleged role in the bribery of a local governor who, prosecutors say, accepted ¥20m (\$122,600) from the company on the understanding it would be awarded public works contracts.

Taisei said last week that two provincial managers arrested for the alleged bribery of Mr Shuntaro Honma, the governor of Miyagi, north of Tokyo, had acted without the approval of head office, apparently prompting the prosecutors to take aim at the company again.

The company yesterday apologised for the embarrassment caused by the case, though it

insisted that executives had merely given a political donation to Mr Honma, whose resignation was accepted by the Miyagi prefectural assembly yesterday.

Executives from five of Japan's largest contractors have been arrested in the past three months, and the scandal has forced the government to review the selection process for public works contracts.

But Construction Ministry officials say the unfolding scandal could slow the award of construction projects commissioned under the government spending packages intended to stimulate a weakening economy.

Prosecutors appear to be shifting their investigation to national politicians with close ties to the construction industry, particularly members of the Liberal Democratic party and ex-members of the party who joined the government coalition of Mr Morihiro Hosokawa.

Sihanouk offers role for rebels

CAMBODIAN King Norodom Sihanouk said yesterday the hardline Khmer Rouge guerrilla group would be brought into Cambodia's new government as advisers, AP reports from Phnom Penh.

This followed talks last Friday with Mr Khieu Samphan, Khmer Rouge president. The Khmer Rouge issued a statement after the talks saying it wanted peace but indicating it would never reach a settlement with the coalition government, elected in a United Nations-organised poll in May.

Earlier, the group had asked for an advisory post in the new administration, saying it then would turn over the 20 per cent of Cambodia it controls and its 10,000 hard-core guerrillas.

Seoul agrees to border talks

South Korea agreed yesterday to a proposal from the communist North for border talks today, breaking a month-long deadlock over Pyongyang's suspected nuclear weapons programme, Renter reports from Seoul.

But a North Korean Foreign Ministry official accused the International Atomic Energy Agency (IAEA) of "wanting encroachment" on the North's sovereignty. The spokesman was quoted as saying a resolution passed by 72 IAEA member nations last Friday calling on Pyongyang to open up its suspect atomic sites for inspection was "an offspring of a political plot" aimed at impeding any negotiated solution.

Taiwan expects 6% growth rate

Taiwan's annual economic growth is expected to slow to an average 6 per cent in the five years up to 1997 as the island's export-led boom cools down, according to the government's Bureau of Statistics, Renter reports from Taipei.

"Slower growth will be mainly due to curbs on government spending, which is expected to show zero growth in real terms, compared with an average 8.9 per cent in the previous five years," a bureau official said yesterday.

Gross national product expanded at an annual rate of 10 per cent in 1983-87 and 6.7 per cent in 1988-92. Between 1982 and 1990 it grew at an average of nearly 9 per cent.

Philippines likely to accept N-plant deal

By Jose Galang in Manila

THE PHILIPPINE government is moving towards accepting an offer for an out-of-court settlement from Westinghouse Electric of the US to end a protracted legal battle involving the construction of a 620MW nuclear power plant.

President Fidel Ramos yesterday said he had approved "in principle" a review committee's recommendation to accept Westinghouse's offer worth \$49.5m (\$32m) to settle the conflict.

The committee, set up to review the

government's options in connection with the case, is headed by Mr Delfin Lazaro, the energy secretary.

The Philippines had sued Westinghouse, along with its subcontractor Burns and Roe Associates, in a US court for allegedly bribing the late Mr Ferdinand Marcos, then Philippine president, and an associate in order to win the power plant contract.

Last May a New Jersey court cleared the two US companies of the Philippine government's charge. However, the Philippines kept its option for an appeal.

Mr Ramos, after the May verdict, had also ruled against operating the facility as a nuclear plant, ordering instead its conversion to enable it to be fired by conventional fuel.

The settlement offer involves the supply by Westinghouse of two turbine generators, which can be fired by oil or gas. The first is due by the end of this year and the other in February, and both should be in operation by May.

Mr Ramos said in a press briefing yesterday it was still necessary to inform the two chambers of Congress

about the compromise package. While Mr Ramos said informing Congress was only a formality, some members of the House of Representatives and the Senate said they would in fact vet the agreement.

Some congressmen were yesterday already criticising the deal, noting that the Philippines was "at the losing end".

Before the trial on the case early this year, Westinghouse had offered a compromise worth some \$75m, but the Manila government rejected it. After the May verdict, Westinghouse

offered originally one turbine worth \$25m to avert a Philippine appeal. Mr Lazaro, who had led the talks with Westinghouse, described the settlement as "the best we can get at this time". He said further litigation could prove costly without any guarantee of winning.

The settlement does not cover loans acquired by the Philippines for the nuclear plant construction. Some \$1.1bn of such obligations remain payable to a consortium of financing institutions led by the US Export-Import Bank.

Pakistan poll looks unlikely to settle score

Bhutto leads contest where winning votes is only half the battle, writes Stefan Wagstyl

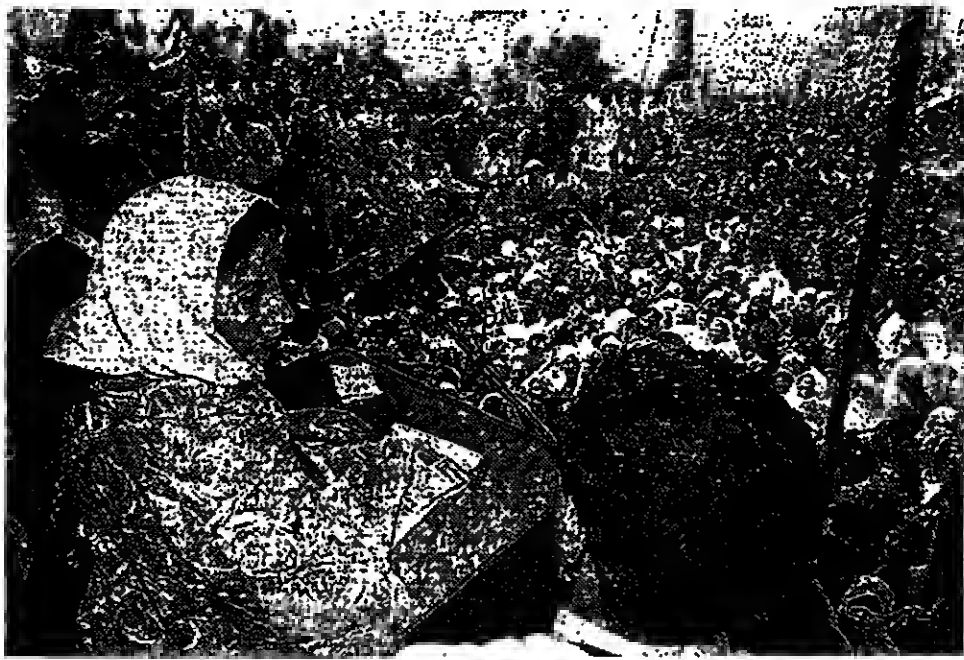
PAKISTAN goes to the polls tomorrow in its third general election in five years with the leaders of the main parties both claiming victory in their sights.

But independent observers believe Ms Benazir Bhutto, prime minister between 1988 and 1990, has an edge over Mr Nawaz Sharif, her successor who was forced to resign in July after a prolonged political crisis.

However, Ms Bhutto's lead could be so thin that her Pakistan People's Party (PPP) may find it difficult to form a stable government. A poll published by Newsline, a weekly magazine, gave the PPP 34 per cent of the vote against 31 per cent for Mr Sharif's Muslim League and 9 per cent for the Pakistan Islamic Front, an alliance of Islamic parties.

Other estimates suggest Ms Bhutto could win 70 to 80 seats in the 217-seat National Assembly - more than Mr Sharif but not enough for a majority. Pakistanis are less interested in the outcome than in the last two elections, which came after 11 years of military dictatorship under General Mohammed Zia ul-Haq. Gen Zia's death unleashed hopes that Pakistan might quickly evolve into a stable democracy - hopes which generated enormous enthusiasm and which have since been dashed.

Politics since his demise



Benazir Bhutto turns to an aide as she addresses an election rally near Lahore yesterday

have been dominated by conflicts within the three-cornered establishment which rules Pakistan - the prime minister, the army and the president. These conflicts brought down Ms Bhutto's government in 1990 and this year destroyed that of Mr Sharif. "I'm not going to waste time voting, I'm going to work," says an Islamabad businessman.

Ms Bhutto and Mr Sharif do

not differ greatly on policy. Their economic options are limited by serious current account and government deficits: they largely accept the austerity measures of Mr Moen Qureshi, the caretaker prime minister, who has sought emergency funds from the International Monetary Fund.

On foreign policy, Ms Bhutto seems more committed than

Mr Sharif to solving the dispute over Pakistan's nuclear programme which has soured relations with the west but Mr Sharif is no isolationist. Meanwhile, both want to reduce the president's powers via a constitutional amendment.

However, the two leaders' styles are utterly different. Ms Bhutto, daughter of Mr Zulfikar Ali Bhutto, the populist

executed by Gen Zia, has inherited her father's oratorical ability. Tall and elegant, she is treated like a queen by her most loyal supporters. At a rally last week in the southern province of Sindh, her home territory, she was presented with a gold crown.

Mr Sharif does better in the backrooms of politics than on the campaign platform. He made his name as a businessman and powerbroker in his home base of Punjab, the largest and richest province, and won Gen Zia's attention with his skill in the murky financial dealings which underlie Pakistan's politics.

The campaigns have not been short of vitriol, including charges of corruption, murder and terrorism. Ms Bhutto accuses Mr Sharif of abusing power almost as much as General Zia. Mr Sharif retorts that he stands for "democracy not dynasty" - a reference to the Bhutto family's domination of the PPP. Mr Qureshi's interim government has added spice by publishing names of loan defaulters to highlight abuses by the rich and famous.

Ms Bhutto is riding the crest of a wave largely of Mr Sharif's making. Just last year, her support seemed at its nadir when PPP protest marches

led by Gen Zia, seemed content to take a back seat. But the delicate power balances collapsed when the army chief of staff died suddenly and Mr Sharif and Mr Ishaq Khan quarrelled over appointing a successor.

The arguments escalated into a bitter struggle in which each tried to curb the other's power. The president dissolved the National Assembly in April only to be overruled by the Supreme Court. Eventually, the army generals urged both the prime minister and the president to resign.

Mr Sharif has lost the military and bureaucratic establishment's backing. But he is not without resources: he has money and professional managers and the support of big business. His party appeals to many middle-class Pakistanis. Moreover, he has made political capital out of the fact that Ms Bhutto, for all her democratic ideology, co-operated with the president when he tried to dissolve the National Assembly.

Ms Bhutto is the beneficiary of all the turmoil. On the campaign trail she behaves like a leader who feels confident of returning to the prime minister's office. But as she knows from her own experience and from Mr Sharif's more recent travails, winning an election is only half the game. The other half begins once the votes are counted.

INDIA OVERCOMES QUAKE AID SCRUPLES

priority, he added, was to rebuild the flattened villages at safer sites.

The Maharashtra state government is planning to ask for a \$250m loan from the World Bank for rebuilding houses. The bank will send a team of surveyors to assess the damage.

The government's initial reluctance to accept foreign aid was set aside when the scale of the disaster became

apparent. Officials in New Delhi say the government hopes foreign donors will contribute those relief items the country could not itself provide, such as X-ray plates.

"We have been able to [fulfill] the immediate demand for food, blankets, and medicine, and we have thousands of medical volunteers and relief workers ready to help," said a mem-

ber of the government's crisis management group in New Delhi yesterday. "But we have allowed supplies from foreign agencies because we realise the task is more daunting than we had earlier anticipated."

Offers of aid have been received from the United Nations, the west as well as from Iran and even Pakistan, which set aside the traditional

enmity between the two countries. Millions of rupees are being collected in India.

Estimates of the death toll in the earthquake range from 10,000 to 30,000. In the quake-hit area, army rescue teams scrambled through endless piles of debris, continuing their search for the dead for the fifth consecutive day, their task made difficult by bad weather and onlookers who poured into the worst-affected areas.



Demonstrators with posters of murdered South African Communist party leader Chris Hani protesting around the Rand Supreme Court yesterday at the start of a trial of three people accused of his murder. Three white right-wingers, Clive Derby-Lewis, 57, a prominent member of the pro-apartheid Conservative party, his wife Gey, 54, and Polish immigrant Janusz Walus, 38, pleaded not guilty. Mr Nelson Mandela, African National Congress president, Mr Joe Slovo, Communist party national chairman, South African Foreign Minister Pik Botha and five other prominent people were on a hit list found on the accused, the prosecution said.

Two helicopters shot down

Up to 12 US troops die in Mogadishu battle

By Leslie Crawford in Nairobi

PENTAGON officials said yesterday that as many as a dozen US soldiers were killed in Mogadishu on Sunday night during a battle between United Nations troops and militias loyal to Gen Mohammed Farah Aided. Somalia's rebel war-

lord. One Malaysian UN peacekeeper was also killed in the fiercest confrontation since the UN military took command of Somalia in May.

The International Committee of the Red Cross counted 500 Somali wounded in Mogadishu's three hospitals. It gave no figures for the dead. Journalists in the Somali capital, however, said they saw truckloads of corpses being driven from streets around the Bakara market where the battle raged until dawn.

UN military officials said they had captured 24 of Gen Aided's militiamen in a

search operation east of the market. Earlier they said five US soldiers had died and a further six were believed to be missing after ground fire shot down two US helicopters.

Hostile Somali crowds dragged the corpses of two American soldiers through the streets of Mogadishu in a display of anti-US and anti-UN sentiment which is becoming more entrenched with the rising Somali death toll in the United Nations' war against Gen Aided.

The high casualty rate among US troops is likely to harden the resolve of US congressmen to pull their troops out of Somalia.

Already, there have been two votes on Capitol Hill requesting President Bill Clinton to justify the continued US military presence in a country which does not appear to appreciate the international intervention. Mr Clinton has until October 15 to find a ratio-

nale that could turn the anti-interventionist tide in the US.

"If the US decides Somalia is a loser and pulls out its troops, then other countries which have sent troops to Somalia are unlikely to remain committed to the UN operation," Mr Terence Lyons, a policy director at the Brookings Institution in Washington, said yesterday. Even scaling down US military involvement would debilitate the UN mission, as American troops form the backbone of the operation.

"If the multinational peacekeeping experiment is judged to be a failure in Somalia, then other countries crying out for international action - Bosnia, Angola, Mozambique - will be ignored," Mr Lyons said.

The latest battle brought the number of UN peacekeepers killed to 63 since the 37,000-strong UN force arrived in Somalia in May. Hundreds of Somalis have been killed in the effort to trace Gen Aided.

Singapore goes all out to turn its citizens into share owners

The 'stocks are good for you' policy is a significant change, Kieran Cooke reports

WHEN Singapore's leaders decide on a new policy, the state's considerable propaganda apparatus swings into action. Earlier this year Mr Goh Chok Tong, Singapore's prime minister, announced plans to turn the island republic into a share-owning society, saying: "The aim is literally to allow Singaporeans to own a piece of the economy."

Since Mr Goh's March speech, Singaporeans have been bombarded by state-sponsored television and newspaper advertisements describing the virtues of share ownership.

For Singapore, a carefully-controlled society where speculative business activity and risk-taking have been officially frowned on, the new "stocks

are good for you" policy represents a significant change. The government has granted considerable incentives to those who put their money into the stock market.

Tight regulations on the use of funds from the Citizens Provident Fund (CPF), a compulsory national savings scheme, have been lifted. Singaporeans have been urged to use a greater portion of their CPF funds, once viewed as sacrosanct by the government, to invest in the market. From the beginning of this month more than S\$20bn (\$2.3bn) of additional CPF funds was made available to buy shares.

There are political reasons for the new approach. The People's Action party (PAP), in power since Singapore's independence in the mid-1960s, is concerned about a decline in its vote in recent general elections. The PAP wants to rebut criticism that Singapore is becoming a more inequitable society: one way is to widen share ownership and make people feel they have a financial stake in the economy.

But economic considerations are central to the new policy. In recent months official recognition has been increasing that the rapidly developing Singapore economy risks outgrowing

its small home base. Singapore is sitting on a mountain of savings. The island republic of less than 3m people has foreign exchange reserves of more than \$40bn (\$25.5bn). The CPF's total assets are now put at about S\$50bn. The country's vast savings should be better used, say the policymakers, and directed into overseas investments.

Mr Lee Kuan Yew, Singapore's senior minister and still the main architect of many policies, said earlier this year that if the country failed to internationalise its economy and develop a "second wing", it

would be quickly left behind by newly-industrialising countries such as South Korea, Taiwan and Hong Kong.

"We will be a failed story, one that nearly made it but stalled half-way," said Mr Lee. The hope is that Singapore's citizens will now invest their savings in listed companies, thereby providing the financial muscle for a push overseas by corporate Singapore.

Though Singaporean investors have traditionally been far less adventurous than their counterparts in Hong Kong, signs are that the official campaign, known as "invest Singapore", is having results. Recent

share flotations of a number of companies, some of them former state-run enterprises, have been oversubscribed several times.

The real test of the new policy will come this month as Singapore Telecom (ST), the state post and telecommunications service, goes on the market. ST is one of the world's most modern telecoms companies, with some of the lowest customer costs. ST's net income rose 9 per cent to S\$1bn on sales of S\$2.6bn in the year to March 1993.

The ST flotation, being hailed as the largest public listing yet in South-East Asia, will take

place in a carefully-planned stages. The government has offered an array of incentives to local investors to take part in the flotation, including big discounts to those who buy ST shares on a long-term basis.

The launch is likely to set the pattern for future listings, which are planned to include the Singapore Mass Rapid Transit System, the port and the board of public utilities.

Urging the public to go on a share-buying spree could backfire on the government. ST and other companies have done very well in the protected home market. "The central question now is whether these

companies can compete overseas.

With few exceptions, Singapore companies have not distinguished themselves overseas. Analysts point out that many cash-rich companies have been very hesitant about competing abroad. Mr Lee himself has berated Singaporean business people for their stay-at-home attitude, their lack of entrepreneurial flair and their reluctance to take risks.

If corporate attitudes do not change, Singapore investors might be disappointed in their investments. In turn, people could become angry with a government which has so zealously preached the virtues of participation in the stock market.

deal

ally one turbine worth
at a Philippine opposi-
s, who had led the talk-
house, descendant of the
the best we can get at the
and further litigation could
without any guarantee
ment does not cover the
y. The Philippines for the
plant construction, some
each obligated to make pay-
consortium of financing
led by the US Expendi-

Score in Wagstyl

man who seems to have
 been the back-
 power in the
 army. He was
 suddenly and
 Mr. Isham had
 appointed him
 the argument
 a bitter struggle
 to try to get
 over. The great
 National Assem-
 ly to be con-
 the Supreme Court
 army general
 prime in a
 president to
 Mr. Sharpe
 and but
 government's
 without
 they are
 ers and
 business
 my money
 recover
 capital
 Bhutto
 the de-
 with the
 ad to
 recently
 Mr. Bhutto
 all the
 sym the
 under A
 firming
 's office
 on, an
 and Mr.
 reable.
 by him
 M. Be
 agment

ops die attle

[illegible]

owners

[illegible]

FOR THOSE
SEEKING MORE THAN ONE DIMENSION
TO TIME...

"A watch is just a watch, so long as it tells the time." It's the kind of statement that makes us all the more determined to safeguard one of life's irreplaceable pleasures — the multi-dimensional time of complicated watches.

For more than 150 years we have been making time-pieces for men and women who see beyond ordinary time. Einstein opened a watch made by us *fig. 1*, so did Tchaikovsky, Wagner, Marie Curie and Charlotte Brontë. Each of them – whether scientist, musician or writer – had the rare gift of being able to exploit time as a creative element in their work.

Today we are still recognized as the only watchmakers whose timepieces adequately convey a sense of outstanding personal achievement. We can rise to your greatest occasion with a total of 33 horological complications – far beyond the capabilities of any other watchmaker. Our Calibre 89, the most complicated portable timepiece ever built *fig. 2*, expresses the full scope of time: astronomical time – from a star chart geared to the apparent movement of the heavens, to the times of sunrise and sunset; seasonal time, sidereal time and the equation of time *fig. 3*; long time in the 400-year cycle of the Gregorian calendar; short time with a split-seconds chronograph; the sound of time in a Grand Strike, chiming the hours and quarters, in passing, on a Westminster carillon; spiritual time in the day of Easter; and time that escapes gravity in the tourbillon escapement.

If you find the Calibre 89 a little inconvenient for everyday use, our watchmakers have brought together

the more essential complications in a number of wristwatches. You can be assured that each represents the finest watchmaking in the world.

You may find your most treasured possession in the handsome tonneau-shaped, perpetual-calendar watch *fig. 4*. The unique combination of a fly-back date-hand showing the progression of the month, and a minute-repeater, is a refinement that took us about four years to develop.

You will appreciate that there are no half measures in complicated watchmaking. We are building precision timekeeping instruments that you will expect to perform faithfully for a century or more. In our self-winding, perpetual-calendar wristwatches *fig 5*, our own design and superlative craftsmanship ensure that the calendar mechanism absorbs an infinitesimal amount of power as it smoothly changes the day, date and month, records the quarters of the day and the leap-year cycle. The moon-phase in our perpetual calendars is extremely precise, taking 122 years and 45 days to accumulate the hardly discernible variation of a single day.

Our perpetual-calendar and chronograph combination *fig. 6* finds particular favour among collectors who enjoy the finer points of mechanical watch-making. Through the sapphire-crystal caseback, you can admire the exquisite hand-finish

of our movements and bring into play the precisely coordinated actions of the column-wheel, levers and gears *fig. 7*,

Impeccable workmanship is taken for granted by those who wear our watches. But if you choose one of the half-dozen or so slim, self-winding, perpetual-calendar repeaters *fig. 8* that we complete each year, you can expect much more. We have encapsulated in our most sophisticated wristwatch the ancient and authentic sound of time. Celebrate a moment – any moment – by making the mechanism ring the hours, quarters and minutes with the pure, clear resonance that only we have been able to achieve in a minute-repeater.

Those who consider a watch is just a watch, so long as it tells the time, will be gratified to learn that in this elegant wristwatch (fig. 9), time is told both by a minute-repeater and by an observatory-rated chronometer. In it moves the most ingenious compensation device known to horological engineering. The rotating tourbillon cage literally abolishes the watch's regulator from the laws of gravity – removing one of the last obstacles to the final frontier of mechanical precision.

But if you seek that extra dimension to time, to mark your achievement, to inspire your creativity or simply to enjoy sublime watchmaking, you will almost certainly wear one of our timepieces one day. You will then come to recognize the touch of the world's finest watchmakers *fig. 10*, and know that the name on the dial can only be Patek Philippe.



fig. 1: Einstein's daily inspiration.

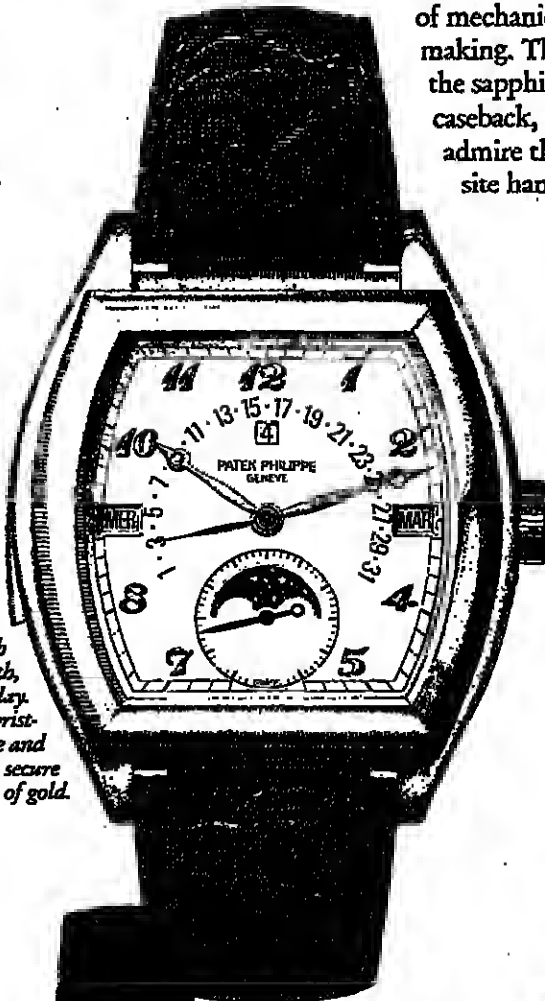


fig. 4: Ref. 5013.
Self-winding, minute-repeating wristwatch with perpetual calendar, moon-phase and a retrograde dates-hand, which flies back to the beginning of the month after reaching the 28th, 29th, 30th or 31st day. In Patek Philippe wrist-watches, the buckle and the hidden pins that secure the strap are of gold.

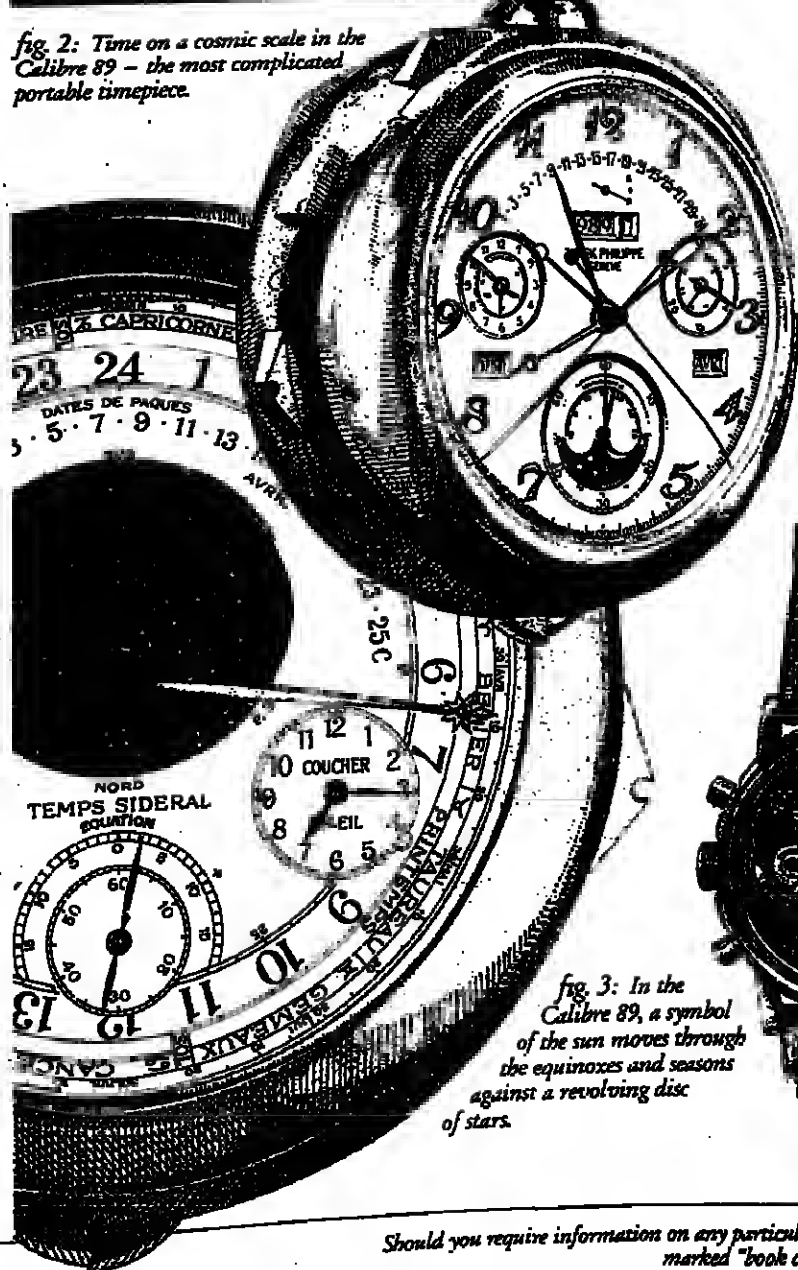


fig. 3: In the Calibre 89, a symbol of the sun moves through the equinoxes and seasons against a revolving disc of stars.



fig. 5: Ref. 3940.
The finish on the case and the bracelet reflects the perfect functioning of Patek Philippe's ultra-thin (3.75 mm), self-winding, perpetual-calendar wristwatch with moonphase.

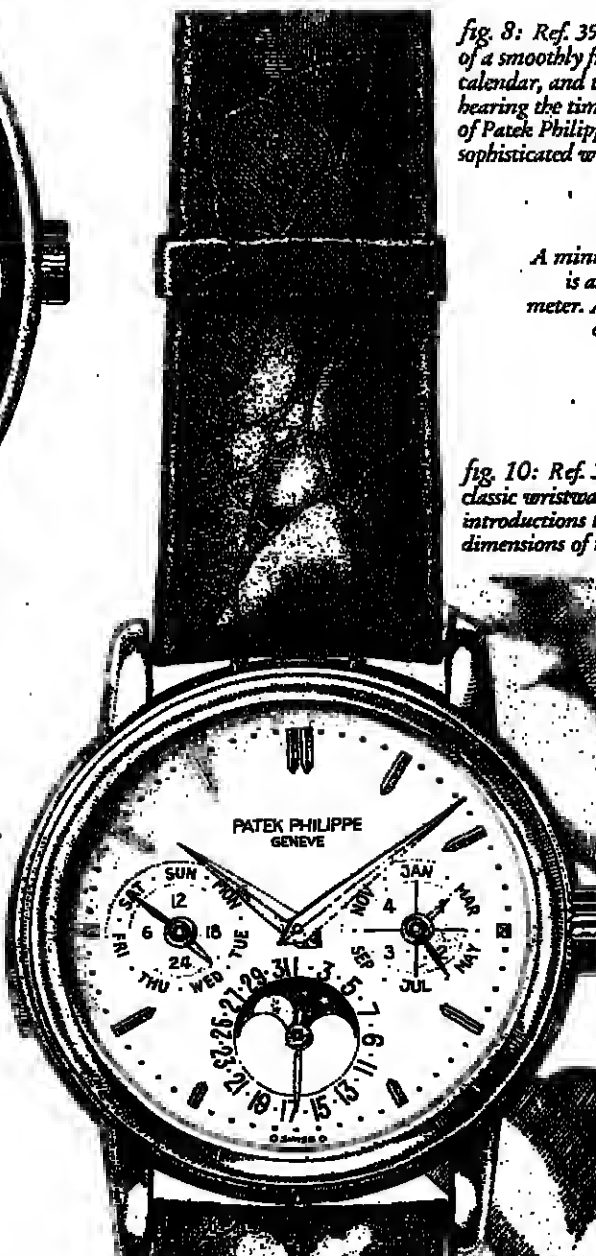


fig. 8: Ref. 3974. The confidence of a smoothly functioning perpetual calendar, and the pleasure of hearing the time, combined in one of Patek Philippe's most sophisticated wristwatches.



fig. 9: Ref. 3939.
A minute-repeater which
is also a rated chrono-
meter. A tourbillon device
cancels out the effects
of gravity.



fig. 6: Ref. 3970.
The perpetual-calendar
chronograph...



fig. 10: Ref. 3919. The gentleman's classic wristwatch. One of the many introductions to Patek Philippe's dimensions of time.

fig. 7: ...displaying the poetry of traditional hand-finishing.


PATEK PHILIPPE
GENEVE

Should you require information on any particular Patek Philippe watch, or even on watchmaking in general, we would be delighted to reply to your letter of enquiry. And if you send us your card marked "boîte catalogue" we shall post you a catalogue of our publications. Patek Philippe, 41 rue du Rhône, Geneva, Switzerland.

NEWS: WORLD TRADE

Japan hits at Construction equipment due for a dig-out targets for US car parts

Japan's local suppliers look to recovery but imports remain uncertain, writes Andrew Baxter

By Michio Nakamoto in Tokyo

MR Yutaka Kume, chairman of the Japan Automobile Manufacturers' Association, yesterday criticised the US for trying to correct the trade imbalance between the two countries by setting targets for purchases of US vehicle parts by Japanese carmakers.

"The US is trying to seek a solution to a macro-economic problem at the micro-economic level," he told a group of foreign correspondents in Tokyo. By doing so, it was delving into business matters in a way that condoned managed trade, could impede business activity and could be detrimental to consumers' interests, he said.

His comments follow talks last month between the US and Japan involving US vehicle parts purchases by Japanese companies in a new framework of trade talks agreed between the two countries this summer. A second meeting is planned for this month.

The US side, Mr Kume said, appeared to be asking for purchasing targets in 1995 and 1996 but "targets should be set by the seller". Japanese car companies would be glad to purchase US-made vehicle parts as long as the quality and prices were right but it was up to the seller to make the effort.

Mr Kume also cast doubt on US claims that the Japanese market was closed to foreign cars, saying European car makers were doing very well in Japan.

The problem was rather that the Big Three US carmakers - General Motors, Ford and Chrysler - did not make cars that were suited to the Japanese market. For example, about 80 per cent of cars sold in Japan had an engine displacement of less than 2,000cc but no US carmaker had introduced a car with engine displacement of less than 2,000cc into Japan.

Mr Kume pointed out that Japanese carmakers had offered to open their dealers to US cars but had received no proposals from the US side on that offer. "We can only conclude that that must be because they have no cars to sell in the Japanese market," he said.

Better marketing efforts were also needed, as shown by a survey conducted last year by the Japanese Consumer Research Institute which showed that 89 per cent of respondents either "do not want to purchase" or "do not want to purchase at all" cars made by the Big Three. This compared with 54 per cent which responded negatively to European cars.

HARD times at home could soon be over for Japan's construction equipment producers, but foreign suppliers seeking success in one of the world's most difficult markets may still find themselves up against a brick wall.

The phenomenal post-war growth of the Japanese construction equipment industry has given rise to some of the sector's most powerful companies worldwide - Komatsu, for example, is second only to Caterpillar of the US.

In the process, Japan has fostered a more concentrated domestic market than that of North America or Europe. With fewer suppliers in each product area, producers have had a field day at home, and foreign companies have found it hard to break in.

These are some of the findings of a new study of the Japanese market by the London-based Corporate Intelligence Group, working with its Tokyo representative Rayden Research.

The 326-page report claims to be the first to reveal the market and producers in such detail. "It has always been assumed in the past to be a closed world which could not be revealed," it says.

It comes at a turning point in the fortunes of the Japanese market and its players. The bursting of the "bubble economy" and the end of the construction boom depressed sales of construction equipment from 188,215 units in 1990 to 128,064 last year, says the

study. It sees a further slight decline this year before sales pick up steadily in 1994 and 1995, then reach nearly 150,000 units a year in 1996 and 1997.

The need to improve infrastructure is likely to result in a big programme of civil engineering, with beneficial effects for the equipment suppliers.

"[Foreign companies] could make more profits out of selling in Japan, and could price the products competitively," he says. "But they have to replicate the established infrastructure to make the products attractive."

There are more than 780,000 units of construction equipment in Japan - an enormous

nese machines, and are difficult for local customers to accept.

The study chronicles some of the successes and failures of foreign equipment suppliers. Caterpillar is by far the highest and benefits hugely from selling its products through Shin Caterpillar Mitsubishi, jointly owned with Mitsubishi Heavy

ness in golf course construction.

Sales surged from 26 units in 1988 to 165 in 1990, but dropped back to 100 last year. Its main competitor is Volvo BM VME, whose Volvo BM machines are sold by a unit of Marubeni, the big Japanese trading house.

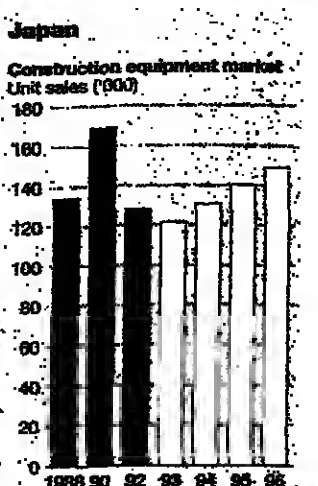
The third player, Komatsu, sources its articulated dump-trucks from Norway, so all three rival ranges are marketed through strong organisations. According to the study, this illustrates that "if imported machines and ideas are to make their way in Japan they definitely need high-powered back-up".

No amount of back-up, however, seems likely to retrieve things for importers of backhoe loaders, one of the leading products in the European market.

In the 1980s Japan used to import 600-700 units a year, but since then sales have plummeted in favour of Japanese-built mini-excavators - much more suitable for roadworks in Japan's narrow streets. According to the study, just 18 backhoe loaders were sold in Japan last year - 15 by Hitachi which imports machines from John Deere in the US, and three by JCB.

Perhaps the most intriguing thing for importers is the market for "all-terrain cranes". Developed in Europe to enable fast travel between sites and better handling on-site, these are an alien concept in the Japanese market, although Kato, Tadano and Sumitomo make

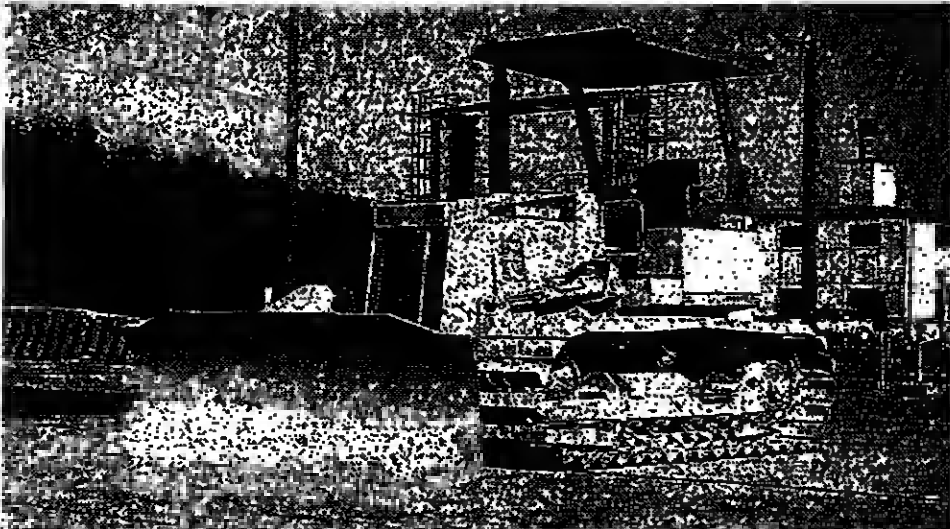
them mainly for export. The biggest European supplier, Liebherr, has its own small sales operation in Japan. "It has a product which is different, which will bring out the classic reactions - curiosity and then worry about not supporting Japanese companies, not having enough service back-up and so on," comments



the study.

The German company will face a big challenge if Tadano broadens its range of all-terrain cranes and enters the local market, it says. On the other hand, by endorsing the concept, Tadano could make Liebherr's job easier.

*Corporate Intelligence Group, 51 Doughty Street, London WC1N 2LS. Tel (71) 696 9006.



A Komatsu bulldozer - from the stable of Japan's biggest construction equipment producer

from 1985 onwards, according to the report.

Whether foreign suppliers can benefit from the forecast recovery of the Japanese market is debatable, however. Overall, imports currently account for only about 2-3 per cent of the market, says Mr Chris Barrow-Williams, author of the study.

figure, says the study, which reflects a need to use machinery as a substitute for labour at every turn. This requires large service networks.

One strategy for importers is to offer a product that the Japanese do not make. This can be hard - Mr Barrow-Williams says some imported products are totally different to Japa-

Industries. SCM sells both Caterpillar and Mitsubishi products through a unified distribution network with 200 sales points nationwide.

Through SCM, Caterpillar is market leader in articulated dump-trucks, which are not made in Japan but became popular in the construction boom partly for their useful-

Chemicals sector at risk Alenia in space project C\$130m aircraft deal

By Paul Abrahams

EUROPE'S chemical industry risks following the dinosaur into extinction, the chairman of Imperial Chemical Industries, Britain's largest chemicals group, warned yesterday. Sir Denys Henderson told the Society of Chemical Industry in Rome that the sector had to take more account of changes in the economic environment and adapt more quickly. Recent half-year results had been dismal.

"Very little has happened to persuade me we are making significant progress to solve the serious problems of over-capacity, falling prices and miserable margins

that afflict our industry," he said.

Mergers like that between Renault and Volvo were imaginative, but massive businesses were not always the answer, said Sir Denys. He suggested possible routes for European companies included alliances with chemicals groups elsewhere or with the oil sector.

Alternatives might involve partnerships, though with smaller equity stakes than previously acceptable to the chemicals industry. Such partnerships were common in the mining sector, an area where Sir Denys had gained expertise as a non-executive director of RTZ, the world's largest mining group.

By Robert Graham in Rome and Daniel Green in London

THE European Space Agency (ESA) signed a Ecn446m (£340m) contract yesterday with Alenia, Italy's state-controlled aerospace group, to head a group of companies to build a telecommunications satellite to be called Artemis.

The Italian government is covering 40 per cent of the costs of the project which will produce a new generation of satellites to handle telecommunications traffic, especially cellular telephones. In return, Italian companies have been apportioned 48 per cent of the work.

It will be Alenia's first non-Italian prime contract, placing it at the head of a group of Europe's best known aerospace companies including Aerospatiale and Alcatel Espace of France, Fokker of the Netherlands, Matra-Marconi, the Anglo-French joint venture, and Casa of Spain.

One of the reasons Alenia won the contract is that Italy was "owed" some business to balance its Ecn500m contribution to the ESA budget. Italy is the third biggest contributor to the agency's Ecn2.9bn budget.

The launch of Artemis is due in 1996 on a new generation of Ariane rockets.

By Robert Gibbons in Montreal

BOMBARDIER'S Short Brothers subsidiary in Belfast will supply 20 Sherpa C-23 aircraft worth C\$130m (\$64m) to the American armed forces, for delivery over the next three years. The US has taken options on 10 more.

Bombardier has won a US\$127m (£82.4m) order for six 50-passenger Regional Jets from Lufthansa of Austria for use with Lufthansa from a new Vienna hub.

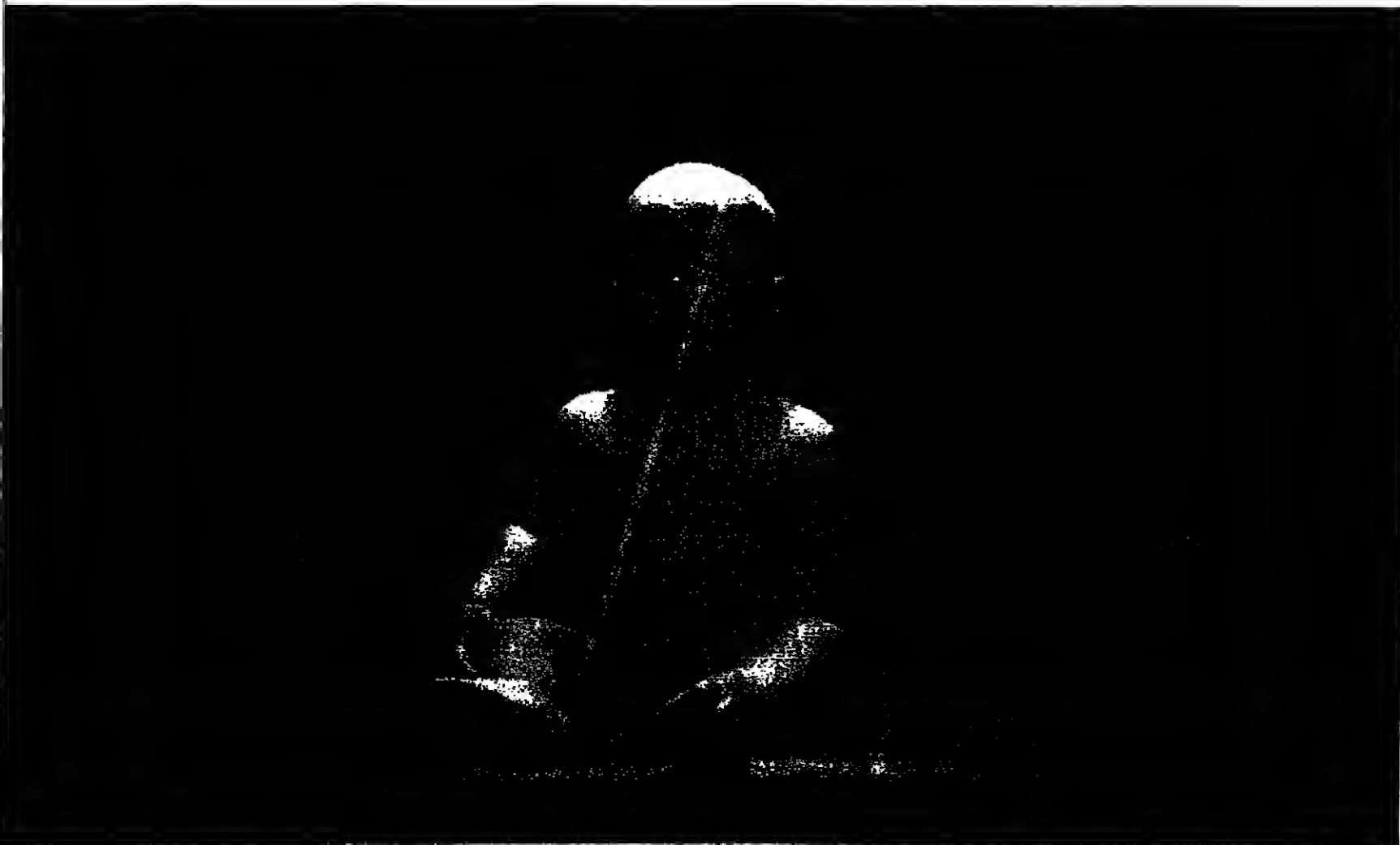
Hughes Airport Systems of California has been given a \$80m contract by the Trinidad and Tobago Airports Authority

to expand and improve the country's main international airport, Caute James writes from Kingston.

The work, the first part of a 25-year project, will cover the construction of a new passenger terminal and new air cargo facilities, with supporting infrastructure. The improvements will also include a higher level of aircraft maintenance services, and more efficient piping of aviation fuel.

The expansion of the Piarco airport is intended by the government of the Caribbean republic to make it a hub for air traffic between South America and North America and Europe.

OUR CHAIRMAN



To receive a free booklet outlining Canon's caring, sharing philosophy, contact: CANON EUROPE N.V., P.O. Box 2262, 1180 EG Amsterdam, The Netherlands.

Canon
A PLEASURE TO WORK WITH

WE KNOW THAT TODAY'S BABY TALK WILL TURN INTO TOMORROW'S BUSINESS NEGOTIATIONS. WHICH IS WHY WE'RE WORKING FOR

FUTURE GENERATIONS. OUR R&D CENTRES IN EUROPE AND AROUND THE WORLD ARE GENERATING EXCITING NEW IDEAS - TO IMPROVE BUSINESS COMMUNICATIONS AND BRING PEOPLE CLOSER TOGETHER. OUR MANUFACTURING PLANTS IN COUNTLESS COUNTRIES ARE PRODUCING PRODUCTS THAT ARE EVEN MORE ECOLOGY FRIENDLY. ALREADY, CANON OFFICE EQUIPMENT IS SETTING FAR HIGHER STANDARDS. BUT IT'S STILL JUST THE BEGINNING. WE WANT OUR FUTURE CHAIRMAN, OR CHAIRWOMAN, TO BE PART OF A PEACEFUL AND PROSPEROUS SOCIETY. ALONGSIDE YOUR OWN CHILDREN.

SO, TOGETHER, LET'S CARE.

Tory dissidents warned not to undermine party unity

By Kevin Brown,
Political Correspondent,
in Blackpool

THE Conservative leadership yesterday warned dissident MPs not to undermine attempts to rebuild support for Mr John Major, the prime minister, at this week's party conference.

Sir Basil Feldman, chairman of the Conservative National Union - which organises the conference - said grass roots

Conservatives were "fed up" with disunity in the parliamentary party. "We do not expect the party to turn around like switching on a light, but the party is fed up with disloyalty and negative messages from the malcontent minority."

Sir Norman Fowler, Conservative party chairman, said members wanted to "draw a line" under the disagreements of the past 12 months and "get behind John Major".

Leading dissident MPs

appeared unwilling to challenge the demand for unity, which was supported over the weekend by Lady Thatcher, former prime minister.

Mrs Teresa Gorman, an arch-critic of Mr Major, said she wanted the prime minister to change course, but it would be "completely inappropriate" to change the leader at the moment. Her comments reflected a widespread view among critics of Mr Major that none of the potential challeng-

ers to his leadership could hope to win this year.

However, the continuing nervousness among party leaders was illustrated by the unusually vigorous vetting of potential speakers in an attempt to head off criticism from the floor of conference.

However, a number of ministers have expressed fears that the tactic could backfire by increasing the anger of the government's critics and provoking public demonstrations

during debates. They have told their advisers to ensure a reasonable balance in the choice of speakers.

The conference organisers are also trying to ensure that the prime minister's critics on the Tory back benches at Westminster - the so-called "barmies" - are denied a voice by preventing all MPs from speaking in the main debates. All of the constituency party motions chosen by the organisers are supportive of the gov-

ernment's policies.

The most likely flashpoint is the government's proposals to impose value added tax on heating fuel, which attracted 25 critical resolutions from constituency parties. None of those resolutions will be debated and the issue has been excluded from a ballot of constituency representatives on a motion for debate on Friday.

The leadership hopes that VAT will be overshadowed by extended debates on the European Community, the economy and the announcement of a tougher approach to law and order.

However, Mr Major conceded on his arrival in Blackpool that even a successful conference would be only a first step towards a recovery in the government's popularity. "We have a great deal of work to do so we can persuade the people of the country of the plans we have to make things better," he said.

Amerada Hess blames job cuts on new oil tax

By Robert Corzine

AMERADA HESS, the US oil company whose North Sea operations have expanded rapidly in recent years, is to cut about 10 per cent of its 1,000 strong UK workforce today. The cuts are thought to be confined to onshore workers, and are not expected to affect employees on production rigs.

The company has blamed the lay-offs on changes to the Petroleum Revenue Tax, introduced by the government in the last Budget. Other factors cited by the company include low oil prices and the fact that the North Sea is an increasingly mature oil area in which the prospect of additional large-scale discoveries is becoming more remote.

The cutback marks an effective end to Amerada's aggressive expansion of its British operations in recent years. It spent more than \$800m developing the Scott field, brought onstream recently.

Amerada has made no secret of its opposition to the tax regime changes proposed by Mr Norman Lamont, former chancellor, in his Budget speech last March.

Its biggest concern, shared by some smaller oil companies operating in the North Sea, was that exploration costs could no longer be offset against PRT.

The company has repeatedly warned in recent months that it would have to re-assess its exploration programme in the UK. It said the PRT reforms reduced the incentives for companies to seek the smaller oil reserves which are likely to characterise UK offshore oil exploration in coming years.

Five more financial centres apply to join network

European regional city group to expand

By Ian Hamilton Fawzy,
Northern Correspondent

THE EUROPEAN network of regional financial centres is to be expanded, the chairman of the organisation announced yesterday on a visit to Leeds, northern England.

Mr Franco Cellino, who is also president of the Turin Stock Exchange, said Bordeaux, Hannover, Antwerp, Bari, and Leeds were negotiating to join the Association of European Regional Financial Centres.

The aim of the association is to build better relationships between the cities involved and the European Commission - and possibly to set up new sources of growth capital for local companies.

Barcelona, Bilbao, Edinburgh, Lyons, Manchester, Oporto, Stuttgart and Turin are already members of the association.

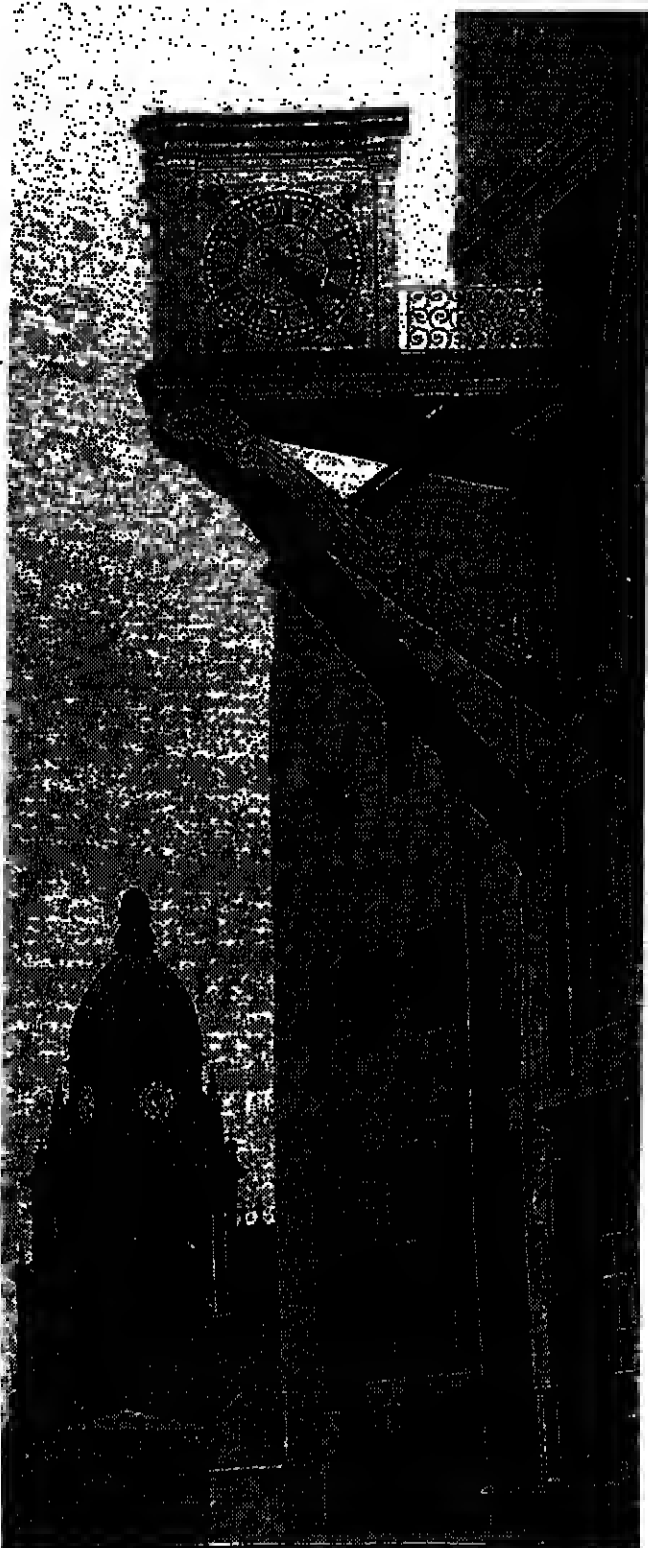
Leeds is applying for membership through its financial services initiative, which Mr Cellino helped launch yesterday. Wider representation is expected to strengthen the association's hand in with the Commission in Brussels.

Mr Cellino said a working group was looking at how regional centres might help create new sources of growth capital for small and medium-sized businesses throughout Europe. The group was set up after talks with the EC and the European Business Network.

Regional financial centres are the principal sources of professional services - such as banking, corporate law, accountancy, and consultancy - for small and medium-sized businesses in their areas.

There has been a concentration of professional firms and services in such centres throughout Europe during the 1990s as national financial centres such as London, Paris, Frankfurt and Milan looked increasingly to international markets and big corporate clients.

Mr Cellino said the association would encourage better professional services for small and medium-sized enterprises,



NORTHERN PRIDE: Leeds hopes to join European city partners

which comprise more than 90 per cent of businesses in the EC.

That would help to ensure that the single market did not work against them as national professional services became concentrated and centralised

and geared to large and multinational companies.

He also believed regional centres should increasingly promote an "economy of networking", so helping cross-border transfer of capital and expertise across Europe.

Lending figures boost confidence

By Emma Tucker,
Economics Staff

NEW FIGURES on consumer lending and the money supply yesterday helped to dispel fears that the UK recovery is losing momentum.

The highest net consumer borrowing for any month since July 1991 and the fastest growth in the narrow measure of money supply for more than three years indicated that the pick-up in activity since the middle of 1992 is progressing steadily.

Consumers borrowed a net

£225m in August compared with £204m in July. A strong rise in loans from finance houses - in particular for cars - fuelled the increase.

The official figures from the Central Statistical Office indicated that consumers are slowly regaining the confidence to take on debt. They borrowed a net £298m from finance houses - mainly car loans and hire purchase agreements - and a net £16m on unsecured loans from building societies. On bank credit cards, however, they repaid \$89m more than they borrowed.

Other figures from the Bank of England reinforced the message of the credit statistics. Narrow money - mainly notes and coins in circulation - rose a seasonally adjusted 5.4 per cent in the year to September, the highest rate of growth since the summer of 1990.

The robustness of M0 coincides with strengthening retail spending. The annual rate of growth of the narrow money supply has been above the government's target range of between 0 per cent and 4 per cent for virtually every month since February.

But in contrast to the promising economic figures, the Building Employers Federation forecast more gloom for the construction industry. It said the recession in this sector was set to continue, that more jobs would be lost and that sustained recovery was not expected until 1995.

The federation's autumn state of trade inquiry, based on a poll of 800 companies, found that only one third were confident of an increase in output over the next 12 months, with the rest predicting a decline or at best no change.

Inflation target of 1% to 2½% urged

AN UNDERLYING inflation rate of 1 per cent to 2½ per cent should be regarded as the "true target" of Britain's counter-inflation policy, rather than the 1 per cent to 4 per cent target range announced last year, Mr Rupert Pennant-Rea, Bank of England deputy governor, said last night, writes Peter Norman.

Addressing the Cardiff Business Club, Mr Pennant-Rea, who moved from being editor of the Economist to the deputy

governor's post at the beginning of July, said it was only through progressive reductions in the inflation rate that people would believe that a surge was not in prospect.

Mr Pennant-Rea is known to support a more independent Bank of England and his speech was notable for the way he unilaterally clarified a target set by government.

In a passage that may cause some irritation among Conservative leaders at their annual

conference in Blackpool this week, he also gave a brutally frank assessment of how high inflation had caused the recent recession.

"The fundamental cause of the recession we suffered in 1990-92 was not recession elsewhere in the world, or membership of the exchange rate mechanism, or any other diagnosis that relies on coincidence of timing," he said.

"We had recession in 1990-1992 because we had ris-

ing inflation in 1989-90; and we had rising inflation in 1989-90 because we had allowed demand to grow too rapidly in 1987-89."

A year ago, Mr Norman Lamont, as chancellor, announced that the government intended to keep underlying inflation - defined by the retail prices index, excluding mortgage interest payments - within a 1 per cent to 4 per cent range "for the remainder of this parliament".

Shorts wins \$100m US order

By Our Belfast Correspondent

SHORT BROTHERS, the Belfast aircraft and missiles manufacturer, has won a \$100m order to supply 20 C-23 Sherpa military transport aircraft to the US National Guard.

The contract includes an option for a further 10 aircraft worth about \$44m. The three-year programme will involve converting F2360 computer aircraft into C-23B-plus Sherpa military aircraft.

Their primary role will be transporting army aviation spares and components

between National Guard bases but the aircraft can also be used for transporting passengers, paratrooping, freight and air-dropping roles.

Shorts, part of the Canadian transportation group, Bombardier, will be responsible for managing the programme. They will also undertake all engineering design, planning, procurement and the manufacture in Belfast of sheet metal and machined components. Conversion of the aircraft will be carried out at the West Virginia Air Center at Bridge Port, West Virginia.

Shorts yesterday also welcomed the announcement by Lauda Air of Austria and Air Littoral of France for up to 14 Canadian regional jets for which they supply the fuselage and engine housings.

● The Ministry of Defence has told local MPs it will not order aircraft specially so as to avert redundancies at British Aerospace's Jetstream subsidiary at Prestwick in Scotland.

The Jetstream plant, which makes turbo-prop regional airliners, is expected to announce redundancies in the next few weeks.

GLOBAL LICENSING



FOR THE MANUFACTURE OF MOULDED FIBRE DEEP CUSHION PACKAGING

In response to worldwide demand for environmentally friendly moulded fibre deep cushion packaging for electronics and similar products, a major pulp moulding system manufacturer is expanding through licensed manufacture of its systems.

The company has over 25 years experience in the design and manufacture of pulp moulding equipment and the development of sophisticated moulding die technology, having installed successful turnkey systems in more than 50 countries worldwide.

For more information, please fax your company details for the attention of the Sales Director.

UK Fax: 081-789-0121
(International: 44-81-789 0121).

The Financial Times
plans to publish a survey on

International Capital Markets

on Thursday,
28th October

If you are a player in the International Capital Markets, why not specifically target your message in this survey.

The FT is read by more international financial managers in Europe responsible for raising international loans or bonds than any other business publication in Europe.

For further information and to receive your questionnaire, please call
Rannagh Purnell on 071 673-4187

FT SURVEY

Not banking as usual.

Union Bank
of Switzerland

No end to MiniDisc madness

Sony has launched a series of MiniDisc products which take miniaturisation one stage further with a 50 per cent reduction in the size and number of components used.

The latest MiniDisc offerings, which follow a first-generation range launched last year, include a portable MiniDisc player/recorder that is about half the size and weighs 45 per cent less than its predecessor.

The reduction in size and weight was made possible by using smaller and fewer integrated circuits for digital signal processing and by the miniaturisation of other components.

At the same time, Sony has been able to increase the density of its chip boards and thus reduce their size by some 40 per cent. The latest range uses lithium ion batteries which have the advantage over the nickel cadmium batteries used before of offering greater reliability and longer play-back time - two and a half hours, or seven and a half when they are used in conjunction with alkaline batteries.

Less than a year since its launch, MiniDisc is selling roughly twice as fast as CDs did at a comparable stage after their introduction, Sony says. In the 10 months between the launch in November last year and this August, 300,000 MiniDisc units have been shipped worldwide.

Sony's shipment figures also appear to disprove the argument that the lack of compatibility with existing systems would discourage consumers, particularly in Europe, from buying MiniDisc players which do not play any existing medium. However, Sony's shipments to Europe, at roughly a third of the 300,000 total, have been comparable to shipments in Japan and the US.

Whether MiniDisc takes off or not will depend, however, largely on the availability of recorded discs and on a substantial reduction in price.

Sony says 1,200 titles are already available, but this is far behind the 17,000 CD titles launched last year in Japan alone.

As for price, the Y55,000 (£340) cost of a playback unit - and Y75,000 for a recordable player - seem slightly extravagant in today's penny-pinching environment.

Michio Nakamoto

As a new season opens at London's South Bank Arts Centre, the usual bustle of activity behind the scenes is extending beyond the rehearsal rooms and into the computer department. Its task is to provide easy access to all kinds of information, from an artist's taste in mineral water (still or fizzy) to the current balance of the centre's £20m budget.

The centre, which is Britain's largest arts complex, comprising the Royal Festival Hall, two smaller halls and an art gallery, is no newcomer to information technology. Now, however, it is making an important transition from "systems management" to "information management". This means that instead of simply managing an IT department it is now exploiting a valuable resource.

As Arts Council grants fail to keep step with rising costs, the centre needs tighter controls if it is to maintain its artistic budgets. In order to streamline the planning of events, it is moving towards full implementation of its US-developed Concentrics electronic diary software to cover everything from space allocation to the timely supply of fireworks for a performance of Tchaikovsky's 1812 Overture. At present, the electronic diary is used for scheduling events.

On the other hand, it plans to improve customer service and identify marketing opportunities, while reducing its advertising budget. This involves the introduction of systems specially tailored for its use.

Thus the key to the centre's commercial development is the Box Office Computer System (BOCS) supplied by Space-Time Systems of the UK. Some 20 per cent of visitors buy 80 per cent of the tickets sold every year (more than 1m), but the centre has not been able to identify its patrons. Thus its direct mailing efforts constitute an ineffective, scattergun approach to marketing.

By making individual contact with potential ticket purchasers, the centre hopes to slash its spending on press advertising. It will then use press ads only to attract new audiences. The centre's marketing database, the BOCS Marketing System, and applications - run on Digital Equipment Vax computers - are linked to the box office.

Details of individual customers, such as their name and address and the performance for which tickets are sold, are recorded at the box office and then moved to the marketing system. This continuously updates customer records, noting interests, frequency of visits, take-up of special offers and so on. This information is used by the marketing staff to prepare direct mailing lists and develop promotional programmes to meet existing



With its specially tailored systems, the South Bank centre hopes to get closer to its public and identify marketing opportunities

Computers take centre stage

London's South Bank arts complex has high hopes for its latest information system, writes Sarah Underwood

customers' interests and generate new business.

BOCS is also linked to the centre's accounting system. This, too, is being overhauled to provide tighter management control. A registered charity with an annual budget of £20m, the South Bank must end the year showing neither a profit nor a loss - a feat Alan Wilks, deputy finance director, likens to parachuting out of an aircraft and landing on a pinhead. In past years, failure to arrive at zero has meant a cut in funding.

An accounting system installed last month and due to be up and running in the next financial year is designed to solve the problem. "Our existing software was slow and inflexible, so people didn't use it," says Wilks. "It also ran on different hardware from BOCS, making communication difficult."

After an extensive software evaluation, the centre selected CFACS from Cedardata of the UK on the grounds of cost and functionality. Among key requirements were the ability to answer inquiries, to monitor the impact of new accounting entries, to set up authorisation levels for order and invoice approvals,

and to help with forward planning. Ease of use was also a requirement as the centre plans to open access to the accounting system to non-financial departments, giving them responsibility for their own budgeting and report writing.

The Cedardata software, which will run alongside BOCS, was designed specifically for the centre, and keeps track of departmental budgets. Artist bookings, for example, can be accounted for when they are made rather than after a production when an invoice is received. Budget planning will be improved by capturing information on bookings as far ahead as three years. Ultimately, the accounting and BOCS systems and Concentrics will be integrated, providing estimates of income from accurate forecasts of ticket sales.

The need to improve management and cost control is also driving development of the Concentrics electronic diary and scheduling system, which streamlines the production process from the moment an event is booked until the curtain comes down and the bills are paid.

Initially, the system is used to allocate space, check against clash-

ing events in the centre's concert halls and generate an event profile which holds all directly related information, such as set-up time, rehearsals and receptions.

As a production unfolds, comments can be added to the event profile and technical requirements detailed from which the system generates worksheets for both back-stage and front-of-house staff. Users also enter equipment and staff needs. These are automatically charged to accounts, while shortages trigger the system to jolt memories in supply departments.

The system reduces duplication of effort by storing information pertinent to particular productions. Dorcas Johnson, computer projects manager, says: "In the past, all the information collected for an event was lost. Two years later, we would put on a similar event and make the same mistakes. Now the experience gained can be reapplied."

As grants go down and costs go up, successful information management will be essential to curb overheads and maintain artistic budgets. Computers will increasingly control the environment in which inspiration can flourish.

Automated counting and voting are polling well; reports Max Glaskin

Machines set for election victory

Michael Howard, the UK home secretary, will soon decide whether machines can be trusted to count votes at local, general and European elections. Barcodes, light pens and optical mark readers could replace humans, if he decides that the technology offers "real advantage".

Greater speed, convenience and accuracy make machines attractive, but cost will be the biggest factor. To count ballot papers by hand costs about 5p for every registered elector. But a parliamentary Home Affairs committee has found that it is increasingly difficult to staff ballot counts. Thus the committee is expected to recommend vote-counting machines in its report this month to Howard.

Three companies with different systems are waiting for the creation of the new market. The push for technology has largely come from American Information Systems, a company whose optical mark readers (OMRs) were used in 30 states at last year's US presidential election.

Blind eyes were turned to allow the southern English town of Bognor Regis to use an AIS machine at a local referendum last December. The count, which would have taken 10 people more than two hours by hand, was completed in 33 minutes.

The machine has sophisticated techniques for auditing the ballot and eliminates the need for pre-sorting the papers. However, it only reads special ballot cards, the same width as an A4 sheet but 6cm taller. At the count, stacks of cards feed into the machine automatically. Four hundred a minute can be scanned.

Ordinary ballot papers can be used on two other systems. Miste Data Services of Redbourn, Hertfordshire, has adapted OMRs commonly used for marking multiple-choice examination papers. Papers are fed in by hand and the machine is linked to a PC loaded with proprietary software to tally votes. Miste shadowed the St Albans local election in May and claims it is significantly faster than manual methods in multi-seat votes.

Epping Forest local authority

in Essex has designed its own semi-automatic process. At the count, each ballot paper is placed in turn underneath a template which has a different barcode against each candidate. An operator with a light pen swipes the barcode of the selected candidates and software on a standard PC stores the totals. Epping Forest's system was used at parish elections in Theydon Bois to May. It took five people two-and-a-half hours to swipe 15,000 votes. Manually it would have taken 30 people an hour longer.

AIS reckons its system will cost about £10,000 for a constituency and will take six years for costs to be recouped. Miste's package will cost less than £5,000. Epping Forest only aims to cover its software development costs and charges £75 for a single site licence or £1.5p for each registered elector. Two local authorities in the West Midlands have bought licences.

None of the machines are likely to be cost-effective or quicker to "first past the post" ballots such as the British general elections. They will come into their own at district and parish elections when many candidates can appear on one ballot paper to contest several vacant seats.

The US, Australia and the Netherlands have gone a step further than merely automating the count. Their polling booths have push-button machines for voting.

At the Norwegian general election on September 13, Oslo leased OMRs from British company DBS, to test automatic vote counting. They worked well.

Meanwhile, Belgium is preparing to use computer screens, light pens and credit cards to automate voting and counting. Trials costing BF£400m (£2m) will take place at next June's European elections, using modified school computers.

If Howard gives the go-ahead for the machines, Parliament will have to amend the Ballot Act of 1872. He may also have to consider whether ballot equipment grants to cover 50 per cent of the costs should be made available.

"I assess fire risks for a living,



but my life's work is preventing them."

Stan Woodward

LONDON & EDINBURGH INSURANCE

Stan Woodward is Chief Property Surveyor at ITT's London & Edinburgh Insurance Group. And he takes his job home with him every night, devoting much of his free time to the local Fire Liaison Group, educating the community about fire safety.

ITT Insurance is one of eight diverse businesses that make

up today's ITT Corporation. This, along with our investment in Alcatel Alsthom, makes us a global, US \$22.0 billion enterprise employing over 100,000 people around the world.

In fact, one out of three ITT employees lives and works in Europe. And whether it's ITT Defense and Electronics or ITT Sheraton, these companies and all of our businesses share a

common goal: To improve the quality of life. Because it's not just how you make a living that's important, it's how you live. Just ask Stan Woodward. For more information about ITT phone us on: 322 643 1449.

Or write to: ITT Europe, Ave Louise, 480 B-1050, Brussels, Belgium.

ITT

MANAGEMENT: THE GROWING BUSINESS

A better way to export

Exporters, the banks and the government are all criticised in a report on the quality of services to help exports. Exporters are accused of insularity, the banks of not providing suitable support and the government of failing to market its services effectively.

"It is particularly depressing to note the number of active exporters who are insular in their approach to currency management, risk reduction and competitive sales practices," commented Ian Campbell, director general of the Institute of Export, which commissioned the survey.

It was based on the responses of 250 companies, 69 per cent with sales of up to £10m. All were already engaged in exporting.

Few companies had a strategy for handling foreign exchange and many small companies would sell only in sterling, the survey found. Businesses were concerned at the cost of credit insurance premiums and British companies made less use of insurance than their continental European counterparts.

Three-quarters of the companies polled went first to their bank for export advice, but smaller firms in particular were dissatisfied with the service they received. Most exporters financed exports from working capital, usually their bank overdraft, although 5 per cent used their own funds.

This reliance on overdrafts and own funds reflected the decline in the number of special export finance schemes on offer from the banks. They have fallen from 13 to five over the past two years.

Exporters were critical of services provided by the Department of Trade and Industry, with most criticism coming from companies which used the services least. Amid this general criticism, some elements of DTI help were rated more highly, including its regional offices, overseas trade missions and export market research service. "The government still has much work to do in persuading smaller companies that the services it offers and the assistance it provides are relevant and beneficial to them," the report, by the Bank Relationship Consultancy, said.

CB

*From Institute of Export Tel. 071 247 9512, £75.

When Julian Rankin and Michael Osborn established their lighting business in London in 1985, they had definite plans for the future. They had set their sights on establishing their company as a manufacturer of well-designed, high-quality light fittings.

But they encountered two problems. As a very small company, Ora Lighting had neither the manufacturing scale nor the marketing presence to take on its bigger rivals. More important, architects kept commissioning them to carry out one-off lighting design projects.

"Seventy per cent of our work was special-product development," recalls Rankin, an industrial design engineer by training. "We tried to steer away from that and impose our own standard ranges of products on the market. Up to a point we were successful, but we didn't have the marketing muscle and, as a small company, we couldn't produce in large runs any more."

Realising they needed outside advice to resolve their dilemma, Rankin and Osborn signed up for subsidised consultancy advice under the government's Enterprise Initiative. They were put in touch with Mapa, a London-based marketing consultancy.

The advice from the Mapa consultant was to go with the market rather than fight it. If Ora's customers valued the company for its skills in designing bespoke lighting arrangements, then why try to ram the standard designs down their throats?

Once the decision was taken to concentrate on the "specials", then Ora's promotional literature had to be modified to take account of this. Previously the company had emphasised its stock lines, but had few photographs and brochures illustrating its bespoke installations.

At Mapa's suggestion, Ora stepped up its direct mail campaign, targeting existing customers to win repeat business and new ones to extend its client base.

Rankin is in no doubt that the decision to take a more professional approach to marketing and to respond to the clear signals its customers were sending helped Ora survive the recession. At a time when many of its competitors have gone out of business, Ora, which now has 15 employees and turnover of £500,000, has record order books. Ora's initial approach to marketing is by no means unusual. Entrepreneurs frequently set up in business with an idea for a product or a service which they are convinced will take the market by storm. They may be lucky, but many fail.

"A lot of companies think they have something which is unique and are surprised to find someone else offering something very similar," comments John MacLaran, a consultant with Mapa. "They think they know who their customers are but they never talk to them to find out what they really want. It is a question of looking at the product from the other side."

Charles Batchelor looks at a marketing premise in practice - make what you sell, not sell what you make

Let the customer be your guide



Julian Rankin: His company, Ora Lighting, survived the recession by deciding to go with the market rather than fight it

lar," comments John MacLaran, a consultant with Mapa. "They think they know who their customers are but they never talk to them to find out what they really want. It is a question of looking at the product from the other side."

But persuading business owners and managers to take a fresh look at their marketing can be difficult. "Getting somebody to go out and ask their customers what they want is not easy," comments Terry Mitchell, manager of the Milton Keynes Marketing Centre, which advises local businesses.

"There is a lot of pride involved for someone who has built up his own business. He doesn't want somebody telling him he has got it wrong."

Instilling a more professional approach to marketing is hampered by widespread ignorance of what marketing actually is. Many owners assume that marketing is synonymous with sales promotion and advertising, mail shots and public relations. The marketing industry has not always been its own best advocate, confusing potential customers with jargon.

"I have people come in and say: 'We did some marketing once and it didn't work'," says Mitchell. "What they have done is put together a brochure featuring a history of their company. Engineering companies are particularly good at that."

'A lot of companies think they know who their customers are but they never talk to them to find out what they really want'

Marketing specialists commonly fall back on a description of their craft as helping people to make what they can sell instead of selling what they can make. Far from being a technique to be adopted at the end of the production chain, marketing is a discipline which goes right to the heart of a business, determining its field of

activity and choice of products.

It starts with market research in order to build up a knowledge of customers and competitors. It moves on to designing products or services to suit the market-place and pricing them at the highest level the market will bear. Only then does marketing take on its more familiar forms of promotion, advertising and selling.

"We tackle marketing as a strategic issue," explains MacLaran. "We review the existing business, look at their customer base and audit their publicity material. We find out where they fit on the market map and how they relate to their customers."

"We analyse the market and try to quantify how big a segment a client can realistically aim for. We look at the competition. People's objectives and the size of the market are often poles apart. We analyse their financial and operating information and try to formulate a marketing strategy."

Robin Phelps, co-founder and managing director of the "Florists' sundries" wholesaling business

which bears his name, is typical of many business owners. "In the late 1980s everyone was talking about marketing," he says. "We thought: 'What the hell is it all about?'"

With signs of an approaching recession and increasing competition from cut-price suppliers, Phelps needed some answers. Help came in the shape of a mail shot from the Milton Keynes Marketing Centre, offering the advice of its experts.

At the suggestion of Terry Mitchell, Phelps decided to establish a cash-and-carry outlet, so as to reach the smaller florists he could not economically serve from his main warehouse. These customers had begun buying their artificial flowers and other flower arranging materials from travelling vans.

The cash-and-carry operation was started under a different name while an effort was made to strengthen the more upmarket image of the Robin Phelps name. The company developed - "repackaged" - its own range of bouquets of artificial flowers for sale through petrol station forecourts.

This has not worked out quite as Phelps had hoped, because the large petrol station chains switched over to centralised buying. But the company, which has 17 employees and sales of £750,000, is now hoping to develop other niche markets.

Concentrating on a particular niche also puts it in the answer for Andrew Morris, an accountant based in Richmond, west London. Morris, a sole practitioner who trades as Ixer/Morris and employs a staff of four, says he, too, was concerned at signs of the impending recession.

Worried more about its impact on his clients than its possible direct impact on his own business, Morris went to a "roadshow" organised by the Department of Trade and Industry. He got talking to one of the advisers and realised he might benefit himself from some consultancy.

"The consultants' message was simple: identify your market and major on it," says Morris. "We had been a general practice, but we decided to concentrate on specifics."

Morris is unwilling to identify the type of client he now targets but says they are in the services sector. He stopped advertising in the local paper and the Yellow Pages and concentrated on the trade press.

The outcome of this more targeted approach has been to allow a small expansion of Morris's firm. Without it, he says, he could well have been forced to lay off staff.

Businesses which take marketing seriously often face painful choices. They may have to give up a cherished product to move into a more promising area. But the alternative to making what your customers want, could be making, and selling, nothing at all.

Moves in ethnic market

Businesses in Britain owned by ethnic minorities will have to work harder to develop new markets in future, according to a survey by Kingston University Small Business Research Centre.

The ending of large-scale immigration and the move by many younger members of ethnic minorities out into the broader community to live and work will reduce the size of the "captive" ethnic market, the researchers concluded.

The study looked at three ethnic communities: Bangladeshi, Afro-Caribbean and Greek-Cypriot. Seventy-six businesses in London, Sheffield and Leeds took part.

The Greek-Cypriots had gone furthest in breaking into the wider markets needed to develop mature, successful businesses, the study said. They also had the widest range of kinds of business.

The Bangladeshis tended to be in low-profit, highly competitive markets with low-growth prospects such as restaurants, clothing manufacture and retailing. Compared with the other two groups, they operated in the narrowest range of enterprise.

The Afro-Caribbean businesses were the smallest and the youngest and all had been set up after 1980. They were strongest in food manufacturing and non-professional services.

Ethnic minority business owners were educationally well qualified compared with white small-business owners and the working population as a whole. Afro-Caribbeans were the best qualified and Bangladeshis the least.

More than one-third of businesses were dependent on their own communities for more than 50 per cent of sales, with Afro-Caribbeans the most dependent.

Some 45 per cent had used bank finance to get started and only 7 per cent reported being refused. Accountants were the main source of business advice. But trade associations and chambers of commerce were less popular and greater use was made of the assistance of family and friends.

CB

*Ethnic Enterprise and the High Street Bank by James Curran and Robert Blackburn. Tel. 081 547 7247, £40.

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

WORLD CLASS WEST-EUROPEAN TRADE HOUSE WANTS CHINESE ASSOCIATE

For the import of thousands of luxurious new passenger cars into China. Also the creation of a dealer and franchise network. This megadeal must be done with a billion-S company well connected into Mainland China.

Please contact:
Lapage & Heirbosch - Law office
Gronoustraat 2A (B.29) - 2018 Antwerp 1 - Belgium
Fax: **32.3.238.14.08

IMPORTANT OPPORTUNITY PHOSPHORESCENT PIN

Manufacturing company owning the patent for Spain with worldwide priority till June 1994 is looking for importers or distributors for USA, Canada or European Community. Health Certificate available. We would consider any kind of offer.

Please contact ETICWIL, Balmas 434, PO Box 5415, Barcelona 08022, Spain.
Fax: 34-3 417 70 88

CORPORATE INVESTOR
for Dutch based vehicle leasing venture.

* Low risk Profile * Excellent profit potential * Proven concept * Infrastructure in place * Very exp. Team * Privately equity subordinated. Principals only please to Box B1803, Financial Times, One Southwark Bridge, London SE1 9HL.

The directors accept responsibility for the contents of this advertisement, which has been approved by Ernst & Young, a firm authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

SHIRTS MADE TO MEASURE

For free catalogue kindly write or fax to:

Mr RAJ MIRPURI
828 Star House, 3 Salisbury Road
Kowloon, Hong Kong
Fax: + 852 317 0817

TRAVEL NETWORK, LTD
#1 USA TRAVEL AGENCY CHAIN
10/11 Master Franchise Rights
RSVP by Fax for info and appl. to meet Travel Network execs. in London Oct 7-9
USA Tel: 201/567-8500 or Fax 201/567-1838

Fully equipped recording studio in prime London position, having a long established client base is offered for sale or partnership arrangement.

Principals only write to Box B1809, Financial Times, One Southwark Bridge, London SE1 9HL.

MANAGEMENT BUYOUT/BUY-INS
If you think your employer company could be for sale and you would like to buy it, or are having difficulty in doing so, call Alan Taylor on 081-992-1114 or Fax 081-992-4238.

AUSTRIA/EAST EUROPE

Austrian comp., est. 1949, turnover £8 million, own chemical production and well-known distributors, excellent contacts to various industries in Austria and East Europe (office also in CZ) has completed new building and therefore space for additional activities.

Please contact us if you want to start or re-establish your business opportunities in our part of the world.

R. USNER LTD.
Fax-Nr: 43/6245 8151640 (Dr. D. USNER)
*Please note correct fax number.

Management Buy-Out
What is your company worth?

PC spreadsheet valuation model, as used by venture capitalists. £49.95 + VAT.

For further details contact:
BIAS (London) Ltd.
28 Grosvenor Street, London W1X 9FE
Tel: 071-917 9711 Fax: 071-917 6002

COLOUR VGA 14" MONITORS

SAMSUNG
Low radiation
MPRT 16 standard
Tilt & swivel
Budget APPLE
IBM compatible
TV & GS approved

Price each per 400 customer
Price for 1000 customer
IBM 16" COLOUR SVGA
Mod 8314 - 0.31 dot pitch £199
1024x768 - 0.28 dot pitch £299
WIDE CARRIAGE PRINTERS
CYRILLIC & ROMAN
Character sets 128/256
Phone +44 628 782233
or Fax +44 628 781555
FST (Trading) Ltd. - Prior Way
Maldenhead - Berks SL6 2HP - UK
VOLUME BUYERS ONLY

DOES YOUR COMPANY REQUIRE EXECUTIVE AND/OR FINANCIAL SUPPORT?

We are an entrepreneurial team with senior banking, accounting and strategic consulting skills. We have a track record of reaching business targets through repositioning, restructuring, refinancing and management.

CONTACT THE DIRECTORS AT
The Centre for Consultancy (London) Ltd.
14 Chiswick Lane, 8 Belconnen Park Road
London W9 6HL
Tel: 071 627 2123 Fax: 071 627 2500
Licensed to Stoke Credit

BUSINESS TRAVEL AGENCY

Corporate investor, with own travel account £500K + P.A. sought as equity shareholder in business travel agency.

Write to Box B1817, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES WANTED

TRUCK RENTAL COMPANY
required by successful International Finance & Investment Group
Existing management retained.

Write Box B1806, Financial Times, One Southwark Bridge, London SE1 9HL

TAX LOSS COMPANIES

Companies with agreed Trading Losses available to a transferee company are required in the Leasing or Financial Services sectors.

Write to Box B1805 Financial Times, One Southwark Bridge, London, SE1 9HL

SUCCESSFUL COMPUTER SERVICES COMPANY
(Primarily Hardware Maintenance) wishes to expand acquisition, merger, etc.

Please write to the first instance to Box B1815, Financial Times, One Southwark Bridge, London SE1 9HL.

SECURITY PRODUCTS

Electronic and software based security products wanted to add to our range. Purchase of companies or marketing/manufacturing rights considered.

Please reply to: Box B1812, Financial Times, One Southwark Bridge, London SE1 9HL.

Engineering Business
Required
(Individual) with substantial funds available wishes to purchase controlling interest in a precision engineering company with a t/o of £400K m, no upper limit. Write to Box B1802, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESS SERVICES

Dynamic A.C.A.
Former CEO of multiple US corporations, US resident, looking for contract assignments to assist UK companies with financial management and other projects in the US.

Call MUM on 214-661-5968 (USA)

POTTERY MANUFACTURER WANTED FOR CASH

£1-£2/m turnover ideal. Phone in confidence John Swadbrook or David Roe 0602 419055

AVIATION COMPANIES WANTED
Operators or Support Services UK based. Write to Box B1817, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES FOR SALE

RETIRING OWNER
of internationally well known and long established pharmaceutical chemicals company, London offices, seeks buyer.

Principals/serious enquiries to:
Box B1661, Financial Times, One Southwark Bridge, London SE1 9HL.
Fax 0923 836128

DAIRY PRODUCTS COMPANY FOR SALE

Select dairy products processing business supplying highest quality ice cream and yoghurt to a wide customer base in London and the Home Counties.

For further particulars telephone Debbie Arnold or Nicki Curtis (0202) 887331.

T/O £250,000 P.A. G.P% 60.4

Well known fabric retail & mail order business in F.O.A.

L1/hold or 5/10/15 available (Retail £12,000 P.A.) well established.

With superb growth £99,000 + S.A.V. Genuine reason for sale.

Tel: (0565) 632240

CHILD SAFETY PRODUCTS

Small company for sale. A major player in the child safety market is available for sale. Main channels of distribution - Nursery and DIY markets. Substantial order book. Significant export potential.

Write to Box B1804, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES FOR SALE

Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

For further information or to advertise in this section please contact Karl Layton on 071 873 4780 or Melanie Miles 071 873 3308

SENEGAL
200 Bedroom modern hotel, village style, good profits. DM 9 million. Offers? Hotels for sale - Europe. Bargains Spain.

MICHAEL PEGG
Tel: 0272 428243 Fax: 0272 428247

OFFICE CHAIRS!

Following purchase of large designer chair manufacturer, 1000s of lines to clear at unbeatable prices.

For example:
Operator's Chair £19.99
Meeting Room Chair £26.00
High Back Operator's Chair £39.00

Tel: 081-743 2100
Fax: 081-749 9500

ATTENTION!
Banks, Corporations, Securities Dealers Finance and Building Societies etc.

WANTED!
All Computers, Workstations, VDU's Networking, Dealing Room Equipment and other peripherals.

NEW, USED AND SURPLUS
Call Barry, Cliff, Ian or Nigel
Surplus Solutions
TEL: 081 330 4199 FAX: 081 330 4553

Medical Supplies

SOUTHERN
Residential & Nursing
- Private & Public
- Domiciliary
- Home Care
- Hospice
- Palliative
- Respite
- Support
- Training
- Consultancy
- Research
- Development
- Evaluation
- Monitoring
- Assessment
- Audit
- Review
- Feedback
- Improvement
- Innovation
- Creativity
- Flexibility
- Adaptability
- Resilience
- Persistence
- Determination
- Commitment
- Passion
- Dedication
- Hard Work
- Team Spirit
- Communication
- Collaboration
- Leadership
- Motivation
- Inspiration
- Encouragement
- Support
- Guidance
- Advice
- Help
- Assistance
- Service
- Care
- Protection
- Security
- Safety
- Health
- Well-being
- Happiness
- Success
- Achievement
- Fulfilment
- Meaning
- Purpose
- Passion
- Love
- Life

CHRIS
096
Freehold
096
CHRIS

BUSINESSES FOR SALE

Builders' Merchants

Home Counties

William Way (Burgess Hill) Limited
 William Way (Edenbridge) Limited
 William Way (Walthamstow) Limited
 William Way (Sevenoaks) Limited
 William Way (Newdigate) Limited
 William Way (Burgh Heath) Limited
 Way Fasteners Limited
 (All In Receivership)

These businesses are offered (as a group or individually) for sale as going concerns.

- Six builders' merchants plus a fixings and power tools supplier
- Established trade customer base plus cash sales to the public
- Combined turnover of circa £3M
- Mixture of freehold & leasehold properties
- Plant, machinery and trading stocks available

For further details contact the Joint Administrative Receivers, Maurice Withall and Scott Barnes, Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.
 Tel: 071-383 5100. Fax: 071-383 4077.

Grant Thornton

The U.K. member firm of Grant Thornton International, authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

BUSINESS FOR SALE
MEDICAL PRODUCTS
SUPPLIER

- Supply of healthcare and medical products to the NHS, private hospitals and industrial customers in the U.K.
- Leading brand-name
- Products conform to Department of Health standards. Company accredited to BS 5750 (Part II) and ISO 9002
- Experienced management team committed to the development of the business
- Turnover in excess of £7 million
- Highly profitable

Potential purchasers please write to Jeremy Furniss at the address below.

Livingstone Fisher Plc,
 Acra House, 11-15 William Road, London NW1 3ER

LIVINGSTONE FISHER

The Acquisition & Disposal Specialists

A Member of FIMBRA

APPLIED CHROMATOGRAPHY
SYSTEMS LIMITED

(In Administrative Receivership)
 The Joint Administrative Receivers offer for sale as a going concern the business and assets of the above company which trades as designer, manufacturer and retailer of scientific instruments for use in liquid chromatography from leasehold premises in Macclesfield, Cheshire.

Principal assets comprise

- Turnover for y/e 386.93 approx. £1.1m.
- Blue chip customer base.
- Established export distribution network.
- Niche market leaders.

For further details, contact >
 Stephen Quinn or Anthony Hayton
 BDO Binder Hamlyn,
 1 Norfolk Street,
 Manchester M60 8BE.
 Tel: 061 831 7121
 Fax: 061 833 0069
 DX 18597 Manchester 7

BDO
BINDER
HAMLYN

Chartered Accountants

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

SOUTHERN ENGLAND
Residential Care
& Nursing Home Complex

- Registered for 109
- 2 Purpose built properties incorporating period Farmhouse
- 94 Bedrooms (87 en suite)
- 4 self-contained Flats
- Combined T/O in excess of £1,300,000

Freehold £3,250,000

Winchester Office Ref. 3874110

For further details contact Craig Woolham
0962 844455

CHRISTIE & CO

Hotels & Licensed
PremisesLUXURIOUS HILLSIDE
SPANISH HOTEL
FOR SALE

One hour from Barcelona
 Magnificent View
 Freehold with considerable land
 28 bedrooms with
 ensuite facilities • Owners Suite
 Restaurant • Function Room • Bar
 Provision for Swimming Pool
 Any reasonable offers considered
 For further information please
 contact

Tel: 0932 567533
 Fax: 0932 567052

For Sale

Specialist Joinery/Fitted
 Furniture Manufacturer
 South Coast Location
 T/O £350,000 to £400,000
 Profitable

Write to Box B1799, Financial Times,
 One Southwark Bridge, London SE1 9HL

SPECIALIST PUMP MFR

(£1-M turnover p.a. SE Coast)
 Controlling interest for sale due to
 illness. We established. Sell a
 technically competent engineer with
 design and management skills.
 £600K for up to 100%.

Write to Box B1807, Financial Times,
 One Southwark Bridge, London SE1 9HL

McMillan's of Bolton Ltd

The Joint Administrative Receivers offer for sale as a going concern the business and assets of McMillan's of Bolton Ltd. The company operates two franchised motor dealerships in Bolton and Accrington, South Lancashire.

Principal features include:

Bolton

- A fully franchised Volkswagen Audi dealership with a turnover of approximately £7 million per annum.
- Modern purpose built fully equipped freehold premises close to the city centre just off the main St Peters Way Road close to the M62/M61 inter-change.
- Full service facilities and body shop.
- On site sell contained Volkswagen commercial van dealership.
- Approximately 25 fully VAG trained employees.

Accrington

- A Peugeot franchised dealership with a turnover in the last 8 months of £3.1 million.
- Leasehold premises in the centre of Accrington including a car showroom and service centre.
- An established long term car hire fleet.
- Approximately 20 fully Peugeot trained employees.

For further information contact the Joint Administrative Receivers,
 Philip Ramsbottom or Peter Terry, KPMG Peat Marwick, St James Square,
 Manchester M2 8QS. Tel: 061 838 4000. Fax: 061 838 4089.

KPMG Corporate Recovery

Touche
RossSir James Hill (Automotive) Ltd
(In Administrative Receivership)

The Joint Administrative Receivers, Angus Martin and Nick Lyle, offer for sale the business and assets of the above company, a member of the Stormont Group.

- Citroën main dealership.
- Operating from freehold premises in Batley, Yorkshire.
- Annual turnover approx. £4.6m with annual sales of 335 new and 350 used vehicles.
- Activities include new and used car sales and after sales service, workshop, and wholesale and retail parts sales.

For further details, please contact Richard Daszkiewicz or Adam Strachan at the address below.

10-12 East Parade, Leeds LS1 2AJ.
 Tel: 0532 439021. Fax: 0532 448942.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Deloitte Touche
InternationalTech Textiles Limited
(In Receivership)

The Joint Administrative Receivers offer for sale as a going concern the business and assets of this company.

Principal features of the business include:

- Innovative development in multilayer composite technology
- manufacturers of "Catech" non crimp fabrics
- turnover of £1.8 million for the year ended 31 March 1993
- leasehold premises in Andover
- assets include specialised machinery and intellectual property rights.

For further information, please contact the Joint Administrative Receiver, R W Birchall FCA, at
 Coopers & Lybrand, 66 Queen Square, Bristol BS1 4JP. Telephone: 0272 292791.
 Fax: 0272 307008.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Coopers
& Lybrand

WEST MIDLANDS

Electrical retail business for sale as a going concern. Operating from two town centre locations, this business, established for 18 years, has a turnover of approximately £400,000.

Full details from:
 HODGINS & CO
 Chartered Surveyors
 133-139 New Union Street,
 Coventry
 Telephone: 0203 222123

AUTOMOTIVE
COMPONENT
MANUFACTURER

FOR SALE
 Substantial and growing
 niche market.
 European leader in its field.

Write to Box B1819, Financial Times,
 One Southwark Bridge, London SE1 9HL

Compressed Air

Equipment and Systems
 Distribution and Servicing. Profitable.
 Sales £1 Million. Blue Chip Customers.
 Retirement Sale.

Write to Box B1808, Financial Times,
 One Southwark Bridge, London SE1 9HL

FOR SALE

Contract Cleaning Company -
 Superstore Specialist -
 Home Counties
 1 Million Turnover Plus
 Good Profit

Write Box B1796, Financial Times,
 One Southwark Bridge, London SE1 9HL

SATELLITE COMMUNICATIONS - small
 company, good products customer base
 and expertise. Design/manufacture large
 antennas, electronics, Turnkey projects,
 overseas sales. Write B1810, Financial
 Times, One Southwark Bridge, London SE1
 9HL

COSMETICS
Famous Brand For Sale

An opportunity has arisen to acquire an exclusive and highly respected brand of skin care and colour cosmetics. First established in 1912, the name has famous associations and an impressive history.

We are offering world trade mark and manufacturing rights for outright sale.

Please write to Box B1793, Financial Times,
 One Southwark Bridge, London SE1 9HL

FOR SALE
CONTRACT CLEANERS

A well established company
 operating mainly in London
 and the South East with a
 turnover of £850,000 is
 offered for sale.

Principals only please write
 to Box B1800, Financial
 Times, One Southwark
 Bridge, London SE1 9HL

FOR SALE

Private Group wishes to dispose
 of an established engineering
 company supplying branded
 capital goods to the materials
 handling industry.

Principals and retained advisers
 only.
 Write Box B1797, Financial Times,
 One Southwark Bridge, London SE1 9HL

AWARD WINNING SMOKE FOOD
 BUSINESS - Situated in the North at
 England. Broad product base producing 10
 approx. £200,000 p.a. with very high gross
 and net profit. 3/4 bedroom stone built
 terraced. Additional land and rear fencing
 required. £338,000 + SAV. Apply
 Baines Business & Commercial (0932)
 461061

FOR SALE

Specialist Roofing Contractor
 with Quality and Safety
 Systems approved and
 established. Healthy order
 book. Clients consist mainly
 of Local Authorities and
 other institutional or PLC.
 Turnover £2m Northern based.

Principals only write to:
 Box B1811, Financial Times,
 One Southwark Bridge, London SE1 9HL

John Administrative Receivership

THE LORD HILL HOTEL
 SHERREWSBURK, SHERPS
 Fully licensed town hotel.
 33 en suite bedrooms,
 function suite (250),
 bars, restaurant.

FREEHOLD OFFERS INVITED
 ROBERT BARRY & CO. (0203) 641642
 CHARLESWORTH & CO.
 (0745) 353900

RECEIVERSHIP/LIQUIDATION - PINK
 PAGES - The weekly guide to every
 insolvent company. Direct contact with
 Liquidators/Receivers. Fully indexed
 according to company type. Free
 sample copy - Tel: (0273) 628881. 24 Hrs

BAA MAGAZINE advertises
 businesses for sale and auction of assets.
 Tel: 071-282-1184 Fax: 071-708-3484

Stormont VEHICLE
HIRE

The Joint Administrative Receivers offer for sale as a going concern, in whole or in part, the business and assets of Stormont (Vehicle Hire) Limited.

The company, which is based in Kent, operates a major car, truck and municipal rental and contract hire business, which could be incorporated into the portfolio of an existing business in this industry.

Principal features include:

- Approximately 2,200 vehicles, many with blue-chip customers.
- Potential for growth through existing customer base.
- Annual turnover in excess of £10 million.
- Established relationship with leading finance houses.
- Leasehold premises in Crayford, Kent.

For further information contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, Aquis Court, 31 Fishpool Street, St Albans, Hertfordshire AL3 4RF. Telephone: (0727) 843000. Fax: (0727) 864423.

KPMG Corporate Recovery

BULGARIA
PRIVATISATION PROGRAMME

OPPORTUNITIES IN ELECTRONICS

Companies manufacturing the following products seek partners/investors as part of their development strategy:

- Ferrite cores and magnets
- Cash Registers
- Connectors and microswitches
- 3.5" Diskettes
- Ballasts for Fluorescent lights

For more information please contact:

David O'Flanagan or
 Garry Owens
 Deloitte & Touche
 Earlsfort Terrace
 Dublin 2, Ireland
 Tel: +353-1-4754433
 Fax: +353-1-4756622

Deloitte Touche
InternationalDeloitte &
Touche

ENGINEERING BUSINESS

Rodley Engineering Limited

The Joint Administrative Receivers, Edward Klompka and David J. Waterhouse, offer for sale the business and assets of this Leeds based engineering business, specialising in press refurbishing, and fabrication of cabs, pulpits and canal bridges.

Principal features of the business include:

- turnover of c£3 million
- established customer base of blue chip companies
- substantial heavy engineering premises of 123,000 sq ft gross
- cranes of up to 80 tons capacity
- freehold 4.1 acre site with redevelopment potential (subject to planning consent)
- rental income in excess of £37,000 per annum from sublettings.

For further information please contact Owen Glendon at Coopers & Lybrand,
 Albion Court, 5 Albion Place, Leeds LS1 6JP.
 Telephone: 0532 431343 ext. 2301. Fax: 0532 434567.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Coopers
& LybrandFOR SALE
MECHANICAL SERVICES
COMPANY

Contracting, Service & Maintenance.
 Very Profitable. Projected turnover
 1993 £2m plus.
 Established 23 years with excellent
 customer base. Freehold premises
 available with sale.
 20 staff and operatives plus sub-
 contractors. Present staff will remain.

Reply to: Box B1814, Financial Times,
 One Southwark Bridge, London SE1 9HL

PET PRODUCTS
LEADING BRAND FOR SALE - UK BUSINESS

An opportunity now arises to acquire a highly profitable leading UK
 manufacturer and distributor of pet products.

- ◆ Superb range of mainly injection moulded dog and cat accessories
- ◆ Blue chip customer base
- ◆ £1.1 million turnover
- ◆ Dynamic future growth potential.

This business no longer forms part of advertisers core business activity.

Replies from principals only to:
 Box B1794, Financial Times, One Southwark Bridge, London SE1 9HL

Historic castle,

Eden Valley, Cumbria
 Five prime self-catering apartments,
 including tower, one currently superb
 owners' accommodation.
 High year-round occupancy, average
 annual gross per unit £10,978.
 Expansion possible. Low-cost
 management package available.
 OFFERS REGION £250,000
 Tel: 07663 - 41412

K & F PARTNERSHIP

Incorporated Valuers & Auctioneers

Have been instructed
 to offer for sale the
 Trading Name, goodwill &
 database of an established
 Employment Agency
 based in London EC1.

For further information
 Tel: 081-803 9796

TRAVEL AGENCIES

2 established, profitable, fully
 licensed Travel Agencies
 located City of London, 1/0 1
 million + and 1 SW London,
 1/0 2.6 million, available for
 sale.

Principals only.
 Write Box B1816, Financial Times,
 One Southwark Bridge, London SE1 9HL

BUSINESS AND THE LAW

Jurisdiction of CFI extended



The first major increase in the jurisdiction of the Court of First Instance since its creation in 1988 came into effect last week. By its decision of June 8 this year, the Council of Ministers extended the jurisdiction of the CFI to cover all direct actions brought by private parties against the Community institutions. The transfer, however, is not to apply to anti-dumping cases until the Council says so.

The practical implications of the Council's decision have become apparent from an order of the European Court of Justice, transferring cases within this general category to the CFI. As a result, in the region of 450 individual cases have descended to the CFI from the ECJ.

These cases include an exceptional number - 380 - of milk quota cases, in which compensation is claimed from the European Commission for mismanagement of milk market regulation. Many more may have been filed directly with the CFI under its new jurisdiction before the expiry of the deadline for making compensation claims.

The others are mainly judicial review and damages claims in the fields of state aids, external trade relations, environment and consumer protection as well, as employment (pensions) questions involving the EC institutions.

One of the main purposes of the Council's decision to extend the jurisdiction of the CFI is to permit the ECJ to reduce still further delays in hearing cases by cutting the court's case load.

In fact, leaving aside the exceptional number of milk quota cases, each of the 13 ECJ judges is unlikely to lose more than four or five cases for which they bear primary responsibility as the reporting judge.

Similarly, the 12 CFI judges individually will receive only a few additional cases. Nevertheless, the increase in case load will be welcomed by the CFI judges who have been restricted previously to competition, staff and certain coal and steel cases.

The ECJ will, however, take on a new role as the appeal court for all the cases transferred to the

CFI. All cases heard by the CFI at first instance may be appealed to the ECJ on a point of law.

ECJ Order, September 28 1993, applying Article 4 of Council Decision 93/350/ECSC/EEC/Euratom of June 8 1993, OJ 1993 L144/21, June 16 1993, modifying Council Decision 88/591/EEC/EEC/Euratom establishing the Court of First Instance.

Pensions judgment

The European Court of Justice has announced that it will give judgment tomorrow in the Ten Oever equal pension rights case. This case was referred to Luxembourg on questions concerning pension rights in the light of the court's 1991 Barber judgment. The court has decided to give judgment in this case alone rather than together with the cases joined with it, which include the Coloroll case.

C-109/91: Ten Oever v Stichting Bedrijfspensioenfonds voor het Glasvezels.

Competition cases

Last week, the ECJ held oral hearings in two competition cases involving the Treaty ban on abuse of a dominant position. The first concerns the scope of the competition rules and their application to the public sector in the case of Eurocontrol.

In particular, the Court has been asked to rule whether operations such as Eurocontrol are "undertakings" (or the sort of economic enterprise) covered by the competition rules.

C-364/92, SAT V Eurocontrol, hearing ECJ FC, September 28 1993.

The second concerned the appeal by Hilti to the ECJ against the CFI's December 12 1991 decision (Case T-30/90), rejecting Hilti's original appeal against the Commission decision fining it for abuse of a dominant position in connection with the tying of the purchase of Hilti nails to the purchase of Hilti nail guns. Hilti is challenging the CFI's determinations of the relevant product market, the finding of dominance and the burden of proof.

C-53/92-P, Hilti v Commission, hearing ECJ FC, September 29 1993.

BRICK COURT CHAMBERS, BRUSSELS

As Britain emerges from recession, analysis of the insolvency regime introduced by the 1986 Insolvency Act has already begun.

Prior to 1986 the UK insolvency regime was not geared to rescuing companies as going concerns. The 1986 act, which came out of recommendations of the Insolvency Law Review Committee chaired by the late Sir Kenneth Cork, was designed to facilitate the rescue of the viable portions of a business and to penalise directors who did not act responsibly.

Its main innovation was the introduction of the role of administrator, normally an accountant, appointed by the courts to try to save the business rather than to liquidate it.

Through the introduction of the administration order and the company voluntary arrangement, where the directors voluntarily hand the running of the company to an insolvency practitioner, it was hoped a "rescue culture" similar to that engendered in the US by the "Chapter 11" procedure could be achieved.

Administrations differ from Chapter 11, however, in that the appointment of an administrator frequently results in the displacement of a company's existing management, whereas chapter 11 leaves existing management in place as "debtor in possession" to run the company under the watchful eyes of the creditors.

This difference of approach has prompted much debate. As the UK climbs out of recession, lawyers, accountants and insolvency practitioners have begun to question whether the English administration procedure has achieved its objective or whether the issue should be re-examined with a view to designing a system closer to the American debtor in possession concept.

The recession gave the rescue procedures introduced by the 1986 act a baptism of fire. There have been some successes, with businesses emerging from administration as going concerns but, for many lawyers and accountants, the procedures have not been a success. Administration has proved prohibitively expensive for smaller companies largely, it is said, because of the procedure's over-reliance on court involvement.

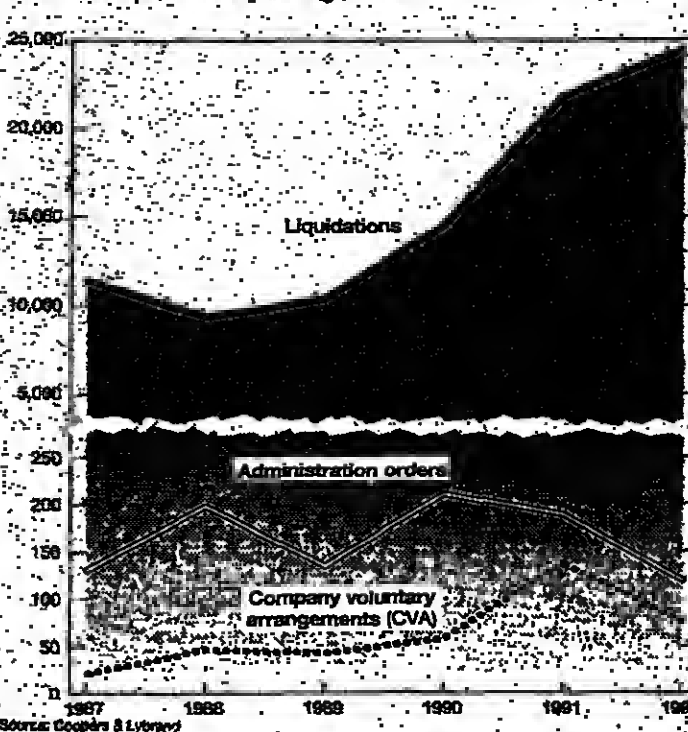
When companies find themselves in financial difficulties, most boards do not embark on the administration procedure early enough for successful rescue, perhaps because the procedure does not leave a large enough role for existing management and directors fear loss of control.

The statistics suggest the hoped for "rescue culture" has failed to materialise: rescue procedures, already in decline, represent less than 1 per cent of

Towards a rescue culture

Robert Rice on the debate over insolvency law in the UK

UK insolvencies: rising trend



Source: Companies Act 1986

company insolvencies. How, if at all, Britain should change the insolvency regime and whether English corporate insolvency should move towards the US system, were debated last weekend at the Bar's annual conference in London.

Mr Robert Rosenberg, a partner of US law firm Latham & Watkins, said America had opted for a debtor in possession concept because that was what the marketplace wanted. There was general confidence that the chapter 11 system contained enough checks and balances on directors' conduct, such as creditors' committees, to prevent the debtor in possession running amok.

Americans also subscribed to the "better the devil you know" philosophy, he said. However, in the management of a company had been there was no reason to believe new management would be any better. But the debtor in possession concept had its drawbacks, he said. It

worked poorly in small cases, where creditors were often reluctant to get involved in the rescue.

In the large cases, there had been criticism of the size of lawyers' and accountants' fees. The process was also said to be too lengthy. In reality, however, fees were normally a very small percentage of the assets of the estate, and most chapter 11 cases were successful.

In the UK, bankruptcy is still very much a moral issue, according to Mr Michael Crystal QC, a leading commercial silk. The Victorian concept that a director responsible for getting a company into difficulty is not a fit and proper person to continue to manage it is reflected in the 1986 legislation. Administration involves displacement of existing management.

Mr Crystal told the conference England needed a system which allowed existing management to have a real role. That would give them an incentive to stay, to go for rescue early and would motivate

them to co-operate with an outsider supervising the process.

The English regime was also too court driven, he said. "The High Court is not the appropriate type of court to deal with the vast number of issues which arise in an insolvency. Its training does not give it the necessary expertise. So, to expect it to express business value judgments is unrealistic," he said.

There could be a role for a type of commercial court staffed by people capable of taking commercial decisions, he suggested. Some thought should be given to creating an insolvency tribunal.

Mr Crystal said there was also a need for a body like the Financial Law Panel to develop a code on corporate governance issues for directors whose companies are in difficulties. It was not enough to refer them to wrongful trading legislation and leave them to it.

Mr Fred Pointon, head of group risk at National Westminster Bank said that, before opting for legislative change, some thought should be given to adapting elements of the London Rules Approach, a set of voluntary principles used by bank creditors, to provide a framework for continued support for troubled companies from banks until agreement can be reached on the way forward.

The London Approach involves three stages: a standstill or moratorium on enforcement procedures; an investigation by accountants; and, a refinancing.

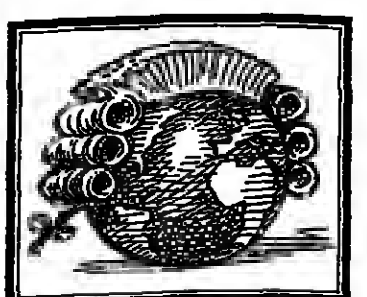
In the last three years, NatWest had used the London Rules to deal with bank debts of £18.5m, and in only 1 of 27 cases had the company gone on to insolvency. "We believe the procedure has some value in preserving companies rather than pushing them under," he said.

There are those who believe the 1986 act has been a success, however. Mr Justice Millett, a member of the Cork Committee, said there was little basically wrong with the present regime. It had its faults - there was too much displacement of existing management, for example. But the real problem with administration was its high cost.

In that respect it was no different from Chapter 11. But there was little to choose between the two systems, he said. Both could and did save large businesses. If success meant the continuation as a going concern of a business, as opposed to the company, the UK's success rate was better than the US's. But if success meant keeping the company going, the English success rate was much worse than the US's.

The overriding need was for a cheap form of administration, but there was no reason why this could not be achieved within the existing legislative framework, he said.

LEGAL BRIEFS



Tax information at the push of a button

Fifty of the UK's top 100 law firms will this week receive on a trial basis a computer-based reference work on tax law. The Books on Screen package is described by Compliance, its creator, as a new approach to information retrieval.

While lawyers may have struggled to come to grips with cost-efficient use of standard text retrieval systems such as Lexis, Books on Screen looks like a book and can be accessed and read like a book. But it also offers the added benefits that can be achieved through using technology.

Books on Screen is designed for publications that contain a large number of cross-references. These can be called up on screen without the effort involved in checking cross-references on a hard copy. It is therefore ideal for tax legislation.

The tax package contains the yellow and orange tax handbooks, the yellow and orange tax guides, Butterworths UK tax guide and Simon's tax case headnotes since January 1973. The system will be updated weekly. Compliance hopes to launch a company and commercial law package in December.

Lawyers and accountants buying the system will have to pay £295 a year for one user and £395 for each additional user. They will also need a 25MHz 386 PC with 4MB of Ram using Windows to run the system.

Loans for trainees

National Westminster Bank has agreed to make up to £100m available over the next five years for a special loan scheme to help trainee solicitors through their vocational course. The deal allows any student with a job waiting following completion of the course to borrow up to £10,000, repayable within five years of qualification.

PEOPLE

Vernon takes on Blanchardstown

Green Property, the Dublin-based property investment company quoted on both the London and Dublin stock exchanges, has a new managing director, Stephen Vernon. He takes over from John Corcoran, who founded the company 23 years ago and who retired in August.

Vernon, 43, is a chartered surveyor and was group managing partner of St Quintin in London before taking up his new post. He has been a non-executive director of Green Property since 1989.

Vernon faces a number of pressing tasks at Green, the most immediate probably being to ensure the successful re-start of the group's planned Blanchardstown shopping centre project, suspended amid controversy in June 1991.

Blanchardstown, a new town being created to cope with Dublin's rapidly expanding population, has experienced delays in its development as politicians and lobbyists have clashed over the rezoning of land - altering its designated purpose - for either residential or industrial purposes.

"The political hold-up has in large measure been cleared up, though resolution of the zoning issue is not yet complete," says Vernon.

Green Property will, he says, forge ahead with its plans for Blanchardstown but it needs to finalise details on its financing and also on its "anchor" tenants; negotiations are proceeding on both fronts and Vernon says he hopes the financing will be with a suitable partner. He emphasises that pushing

ahead the 57-acre site, with its planned 1m square feet of shopping, leisure and community facilities, is in any case only one of several priorities.

He wants the company to grow; it is "still very small, with a market capitalisation of a shade under £20m, whereas I think it should be closer to £100m". He plans on keeping its portfolio solidly in the offices/shops/industrial property sector. As for his current commuting life - 2 days in Dublin, 2 days in London each working week - it has its compensations, including visits to Dublin's Abbey Theatre.

Richard Hooper is joining Green Property as a non-executive director. He has just retired as managing director of corporate finance at the Investment Bank of Ireland.

Kevin Williams, operations director of Royal Mail, has been appointed md of Parcelforce. Richard Dykes is confirmed as md of POST OFFICE Counters; Jerry Cope, personnel director, Royal Mail, is appointed director, strategic and business development for the Post Office Group and Malcolm Kitchener, former finance director of Parcelforce and its acting md, becomes finance director, Royal Mail. Bryan Roberts, group services and personnel director, becomes personnel director, Royal Mail; Ken Wright, director and general manager, Royal Mail Midlands division, becomes operations director, Royal Mail; Roger Tabor, finance director, Royal Mail,

becomes finance director, Post Office Counters; he succeeds David Turnbull who becomes director, special projects. Buck Bender, formerly regional director for Europe, has been appointed manager of the London office of HUGHES INTERNATIONAL CORPORATION. Michael Noakes, formerly group chief executive of Boustead, has been appointed a director of POWELL DUFFRYN and will progressively assume responsibility for parts of the group's engineering interests. John Fairley, former director of programmes, has been appointed md and David Holdgate, finance director of Yorkshire Programmes, is

appointed finance director at YORKSHIRE TELEVISION; Grant McEneaney is appointed director of programmes and Richard Gregory director of regional programmes. John McPaul, formerly general manager, finance with Caradon Everest, has been appointed finance director at Caradon Plastics, part of the MB CARADON GROUP. Christopher Reynolds, former apparel director worldwide for Reebok International, has been appointed md of BLUEBIRD International. Robert Miller, formerly md of Digitron, has been appointed director of systems sales at AEG's UK engineering division.

IPE's growth potential attracts Christmas

Trevor Christmas, the new director of business development at London's International Petroleum Exchange, is in the odd position of hoping that his most recent experience at British Petroleum will have little relevance to his new job.

He was one of six BP executives charged with planning ways to slim down the European workforce, a skill which he hopes won't be needed at the IPE. The growth potential of the IPE, which last month saw a record number of futures contracts traded, was its main attraction, Christmas says. That is in contrast to the oil

industry, "which many people consider to be mature, and where the current name of the game is to become more efficient", a process that almost invariably means consolidation and cutbacks.

Christmas' career at BP International began after graduating with honours from the LSE. His 23 years with the company included stints as an oil trader in New York and Tokyo before taking on the recent European assignment. It was during that trading experience in the mid-1970s to mid-1980s that he became familiar with the IPE.



Another attraction of the IPE job is the opportunity to operate "on a world stage rather than just a European one". That, however, could mean even more time away from home as he has made a priority of meeting as many IPE clients as possible.



The task of a Computer Users Association has changed as the computer industry itself has changed. There is less need to act as a forum for aggrieved customers; the associations act now more as mediators between the plethora of industry lobbies and standards organisations.

The ICL CUA realised earlier this year that it needed to present a more forceful image; for the first time it has appointed a full-time national officer in the shape of Derek Cripps. Cripps, 54, is well qualified for the part in two ways: he was a member of the ICL CUA in an early incarnation as a dp in the construction industry and for 17 years was an ICL employee. He is anxious to increase membership and to see members getting greater value from the association. In particular, he wants a stronger user voice in industry concerns. In these roles he should benefit from his background in marketing and sales.

Cripps is well aware of the paradox that CUAs - which are supposed to be champions of the customer - are more often than not funded by manufacturers, thus casting doubt on their independence and efficiency as a watchdog. He argues, however, that the CUA is not controlled by ICL and that it forms an effective interface between the company and its customers.

ACCOUNTANTS AND FINANCIAL DIRECTORS EXHIBITION

Barbican Exhibition Centre
5-7th October 1993
Tue & Wed 10am-6pm
Thu 10am-5pm

Tickets 081-742 3399
or free with business card

Save up to 50% with ITT Sheraton SureSaver Rates.

SureSaver Business Rates... 5% to 30% off
This option is available from Sunday to Thursday with no advanced reservation or purchase requirement. So when you book at the last minute you get exceptional prices.

SureSaver Weekend Rates... 30% to 50% off
We've just made it easier for you to get away on the weekend with special savings when you arrive on Friday or Saturday night. Ask for our special weekend brochure.

ITT Sheraton welcomes Visa Cardholders. When paying with your Visa, you will receive an upgrade to the next best available room at the time of check-in.

Some examples of our SureSaver rates:

ITT Sheraton Hotels	Normal Rates	SureSaver Business Rates	SureSaver Weekend Rates
Lisbon	ESC 32,000**	ESC 27,500**	ESC 15,000**
Brussels	BF 10,600**	BF 7,220**	BF 4,200**
Munich	DM 430.00*	DM 223.25*	DM 198.00**
Istanbul	US \$ 178.57	US \$ 114.32	US \$ 90.00
London / Park Tower	£ 240.00	£ 185.25	£ 170.00**
Saltzburg	AS 4,500**	AS 1,757.50**	AS 1,757.50**
Rome	LIT 360,000**	LIT 237,500**	LIT 188,000**
Copenhagen	DKK 1,700**	DKK 1,282.50**	DKK 1,110**
Frankfurt	DM 545.00*	DM 323.00*	DM 240**
New York	US \$ 255.00	US \$ 174.00	US \$ 155.00
Toronto	CAD 180.00	CAD 129.00	CAD 109.00
Tel Aviv	US \$ 204.00	US \$ 193.80	US \$ 172.50*

* Breakfast included ** Includes tax and service charge

For reservations, call your travel agent or the following toll free numbers and ask for your SureSaver rate. Availability is limited, book today.

ITT Sheraton

France: 0590 7635 - Germany: 0130 853535 - Italy: 1678-35035
Belgium: 078-113535 - United Kingdom: 0800-353535 - Sweden: 020-795835

Rates shown are based on single occupancy except for SureSaver Weekends. All rates are subject to availability and change without notice. ITT Sheraton SureSaver rates are valid in ITT Sheraton Hotels across Europe, Africa and the Middle East, as well as in the USA and Canada. Some restrictions apply.

The French are still capable of surprising and gratifying us all. Just as we finally despair of the current, apparently terminal state of the visual arts, with a supposed avant-garde committed to nothing more than the glib orthodoxy of critical fashion and the marketplace, up they come with an exhibition that clearly shows us that true painting and sculpture have been going on all the time.

And what is it exactly, this "true painting"? It is easier to say what it is not, for here is nothing of empty conceptualising, no striking of self-conscious attitudes, no idea-led and limited investigation or polemic, no art about art. Above all, there is nothing in which responsibility for the work as it actually appears is shuffled off onto mere process or the bare proposition of idea or image. Here is the work of artists as individuals, engrossed simply in the resolution of their work in terms of their own direct experience of the world. At the last it is neither more nor less than what they themselves have done. Responsibility is all.

That said, it has its limitations. *Manifeste* is hardly an earnest for the future, for many of its artists are dead and none is exactly young. There is to it all a whiff of the old-fashioned, which, to be fair, is openly acknowledged in the excellent catalogue. "Here are the crossers of the ford. They have known another Europe, one still essentially agricultural, industrial and artisan, such as it was in the 19th century. They were active when those ideas that shaped our epoch were in the melting-pot... they conducted their debates, of solitude to solitude, with an astonishing vitality, for all their apparent respect for traditional techniques, or their indifference to the spectacular developments of newer generations."

And, this being France, it is of course over-whelmingly Franco-centric, not so much a celebration or attempt to reassert the primacy of the School of Paris, but rather an acknowledgment of its survival. "They knew how to keep their distance. In the singularity of their work, these artists have indeed written a 'parallel history', though its global sense was perhaps lost with the end of the dominance of *L'École de Paris*." The exhibition is drawn from the collections of the *Musée nationale d'art moderne* which are held at the Centre Pompidou, and of its international element - that includes Balthus, Giacometti, Picasso, Soto, Vasarely, Tàpies, Fontana, Pollock, Miró, Calder and many more - only Francis Bacon and Anthony Caro, at a quick check, spent no extended working period in Paris.

The point is not altogether gratuitous, for that missing *sens global* might well have been supplied, were there the works within the collections



'Le Peintre et son modèle', 1981, by Balthus in the exhibition currently at the Georges Pompidou centre

Artists true to their imagination

William Packer admires modern art that is not avant-garde

to supply them, or the curatorial will to choose them. Quite whose fault that is is an open question. We do well to remember that a narrow chauvinism, though a French word, is by no means peculiar to the French.

The show is divided under headings - the painter and his model; figuration; deformation; the skin of the work; sign and handwriting; gesture and colour; the surprises of geometry; and so forth. And, given the period, it is not hard to find the places that might have been filled by American painters such as Guston, Raskin, Motherwell, Kelly or de Kooning, or British for that matter, such as Bridget Riley, Freud, Auerbach, Kossoff. It remains true that most British painting of the period is barely known abroad. As for the Americans, one of

the show's most spectacular paintings is by Joan Mitchell, an abstract expressionist who died last year at the age of 66, having been resident in Paris for many years. She is not represented at all in the current survey in London of 20th century American art. Forgetfulness or indifference?

But this is a School of Paris show, even so, to be taken as it is, with all its special emphases and lacunae, and as such it is one of the most stimulating and encouraging exhibitions of near-current art to be seen in recent years. The reason, adumbrated before, is simple, with the artist shown once again in proper relation to his work, one to one, direct and physical. The imagery might be more or less figurative - Picasso's desperate, fading sexuality; the more ambiguous,

charged sexuality of Balthus, the angst-ridden intensity of Giacometti, the humane despair of Bacon, the dreadful, symbolic autobiography of Zoran Music. Again we might have Poi Burry with his clicking, shifting, mechanical surfaces, Vasarely with his eye-teasing opposition of positive to negative, Morelet with his dense, meticulous cobwebs. Soto with his disrupted, moiré-pattern effects, all of them testing the muscular, palpable sensation of vision.

Or here are Burri and Tàpies, Karmaly and Fontana, working the surface as a physical object or Mitchell, Baseline, Riquelme, Vieira da Silva, taking the mark and the gesture at the brush's end and conjuring from it the internal landscape of the mind to which all abstract painting would

seem to aspire. Whichever it is, before each particular work we confront an artist's singular engagement with work, achieved with his own hands and resolved through the medium of his own imagination and experience.

This is some of the work with which my generation grew up and, the nostalgic frisson apart, it is good to see it brought once again into the light, not as a critical curiosity, but as something still vital and imaginatively potent. Painting is not dead, nor even moribund and in despair, but it is critically neglected, especially that of the more recent generations.

Manifeste - une histoire parallèle 1960-1990. Centre Georges Pompidou, Paris 4, until December 5.

Music in London

Messiaen remembered

The London Symphony Orchestra starts the current concert season in commemorative mood, recalling two colossal of 20th-century music. A week ago it was Leonard Bernstein (who died three years ago); last Sunday it was Olivier Messiaen (who died last year). On both occasions the mixture of memorial and celebration has been expertly judged.

Sunday's LSO Messiaen concert launched a series of four at the Barbican Hall - two by the LSO, two by the London Sinfonietta, the last timed to fall on what would have been the composer's 85 birthday (Dec 10). During its course the orchestra will give the eagerly-awaited London first performance (a year after the New York premiere) of *Eclairs sur l'au-delà*, the last big Messiaen composition.

But in the first of the series the approach was both introductory and panoramic: in four works covering more than 50 years of creation - *L'Ascension* (1933), *Poèmes pour Mi* (1937), *Chronochromie* (1960) and *La Ville d'en haut* (1987) - the evolutions in language and style of a composer who came to dominate French music in the second half of the century were fully and rewardingly adumbrated.

The idiom may have altered, sharpened, enriched its amalgam over time - birdsong, Messiaen's most remarkable and most personal appropriation for music, entered his artistic universe only in the 1950s. Yet the vision behind the idiom remained utterly consistent. For Messiaen music was always a means of glorifying God: this is the chain that securely joins up the complete span of his compositions.

Sunday's LSO conductor was Pierre Boulez, in most respects a Messiaen conductor non-pari. The accuracy, brilliance, clean cut and balanced outlook

of his readings hardly need describing at this date. Not for the first time, however, it struck me that the determinedly "non-mystical" side of Boulez's character sometimes prevents him from penetrating that very region in Messiaen.

In *L'Ascension*, for instance, the numinous atmosphere that should accrue from the ritualistic passage of four richly-textured movements was undercut by the conductor's matter-of-factness; and in *Chronochromie*, the most ruggedly complex of Messiaen's compositions, though Boulez always sorts out the barrage of detail with enviable lucidity, the spiritual purpose behind the detail remained unclear.

Yet when so much of Messiaen's thinking is characterised with so much mastery, by conductor and orchestra alike, it is hard to remain long in this critical mode. And to the performance of the rapturously romantic *Poèmes* by the French soprano Françoise Polset, ample, beautiful and serenely dignified in every bar, surrender was the only possible response.

Earlier on Sunday the Barbican had offered the first of its "Celebrity Recitals": Stephen Kovacevich played Beethoven and Schubert (two more later this month). In spite of an early technical hiccup with the Steinway, the pianist produced the sort of playing that now places him among the world's small number of reigning Classical masters. Kovacevich seems boldly unconcerned with tonal allure; his Beethoven Op 31 sonatas were often gruff, but never lacking in spirit. His Schubert - the late A major - combined simple lyricism and long-term dramatic intensity in a way to bring to mind the late Rudolf Serkin. No praise could be higher.

Max Loppert

Prague on the Thames

Over the next three weeks, the South Bank is running a "Czech Season": not just a matter of dusting off familiar Dvořák and Janáček, for there are unfamiliar and intriguing pieces too - by Suk, by Kozeluch and Krommer, Eben and Benda, orchestral pieces and chamber works old and new, in all three of the South Bank halls. Among the visiting Czech performers, on Saturday we had the venerable Czech Philharmonic to open the season in the Festival Hall.

Their programme consisted, grandly and simply, of Smetana's six-part cycle *Má Vlast*, "My Fatherland", which we scarcely ever hear in a complete end-to-end performance. Everybody knows the enchanting river-scapes *Vltava*, but the other five panels get only occasional exposure. If the programme-book was over-excitable in declaring *Má Vlast* "without a doubt the most complete embodiment of the Czech spirit in music", the conductor Jiří Bělohlávek and his players persuaded us that the cycle is indeed aglow with national spirit and that nobody is likely to deliver it so fairly and fervently as Czechs.

Calling the components of *Má Vlast* "symphonic poems" is stretching a point. Smetana

offers even less symphonic argument or development than Berlioz or Liszt. Except for *Vltava*, each of these pieces works chiefly by alternating tuncful sections, with the odd academic *fugato* and loud, emphatic repetitions at the close.

The saving virtues are Smetana's natural, unadorned fluency (folk-based but inventive too), his special and affecting turns of modal harmony, and his pristine orchestration: no *recherché* tricks or blends, but a lovely appreciation of plain instrumental character. His strings always sound like strings, his clarinets like clarinets, his horns like horns; the sophisticated ambiguities of a Strauss or a Debussy were still some way off. Like his Russian contemporary Balakirev, Smetana was a master of "honest" orchestral sound.

It is a rare Western band that can play him now with the right unforced, uncomplicated candour - but the Czech Philharmonic did. *Má Vlast* was wonderfully bracing to hear, even for us non-Czechs who lack the native response to the most resounding patriotic tunes.

David Murray

Pop concert/Peter Berlin

Nick Cave and the Bad Seeds

Nick Cave has been loitering with intent in rock music's seamiest neighbourhoods for the best part of a decade and a half. Throughout his career - first as the lead singer of the glum Australian post-punk band The Birthday Party and then with his backing band the Bad Seeds - his attempts to squeeze a depressing art from dirt has commanded a sizeable cult following.

At no time has he ever been in danger of becoming a pop star. This is not entirely his fault: he cannot help looking and sounding like a member of the Addams family, but it is his choice to use the same tailor and barber and to make the more literate horror story a model for so many of his songs which pick obsessively at humanity's weaknesses and capacity for evil. Cave is careful to lace his music with an

appropriate degree of self-mockery - it is only rock 'n' roll after all, but he undoubtedly takes it seriously. He wrote music for Wim Wenders' films *Faraway So Close* and *Wings of Desire*, and appeared in the latter and also in *Johanna*. He has written a novel, *The Assassination of Jesse James by the Coward Robert Ford*. Clearly Cave is a highly creative type. But rock remains the most natural medium for his Gothic, melodramatic personality.

At the Brixton Academy his voice, deep, rich, doom-laden, lacking range but perfectly suited to his material, fills the hall - with the help, of course, of powerful amplification. He stands at the front of the stage waving an admonitory cigarette as the black-clad crowd as retires. In response a few sway to the music, most simply stare like an army of undead. It is not until Cave leaves the stage that they show

signs of animation with a rapturous and sustained demand for an encore.

The repertoire is hard work. Dirge is the dominant style, death the chief subject. He can occasionally vary the pace. "Papa Won't Leave You Henry" is a grim tale delivered with a rolling, good-natured bluster. "Deanna" a good old-fashioned rocker - about murder. Yet there are moments when Cave manages to be more than a grim joker. With "The Ship Song" and "The Weeping Song", memorable tunes played in an almost stately fashion by the Bad Seeds, he achieves a shabby grandeur and suggests a little hope, both musical and lyrical.

CORRECTION

In a review last Tuesday, I mistakenly called the Smashing Pumpkins the Screaming Pumpkins and retitled their LP which is called *Siamang Dream*.

Fringe theatre

The Lion

Another political play has opened on London in the last few days, apart from David Hare's *The Absence of War*, and is much more fun. For all its liveliness, it is no less serious than the work at the Royal National Theatre.

The Lion, by the Gynah-born Michael Abbensetts, is about a deposed Caribbean despot in exile in England called Ramsey James. After independence, he was first prime minister of his island, then president for life before his fall in a coup. Since he was educated at an English university, he is not exactly a stranger in the land to which he returns.

James (Stefan Kalipha) is a raucous and a raver, an opportunist who has ultimately sought to stamp out the opposition, also English-educated, by force. Measured by the standards of some third world leaders, the portrait of him is probably too kind. He is accused of killing 19 people, though he has acted indirectly through his bodyguard, Hendricks.

The bodyguard, played by David Webber, is a wonderful

Malcolm Rutherford

figure who practices obeah (a form of voodoo) but is equally at home in more conventional methods of applying the light-tentacles. There is also an illegitimate daughter left behind by James in England and an estranged (very black) wife who has become rich with at least three elegant houses. But forget about the plot. The remarkable fact about *The Lion* is the style. It is almost entirely English, adapted for the Caribbean. The principal influence is Noel Coward. The rich black lady imperiously played by Madge Sinclair could step straight out of one of his works. It is drawing room comedy which towards the end turns more into a thriller.

No-one should say you cannot make jokes about race or degrees of black and white-

ness. The Lion is full of them, and very funny a predominantly ethnic audience found them. Equally appreciated are the jokes about third world dictatorship and a lust for power.

There are snipes at Britain too. The exiled prime minister is quite used to turning up at the Foreign and Commonwealth Office for talks with intelligence. He lies to them, they lie to him, he says, "But when the FCO decides he has no chance of returning to power, he is dropped and becomes 'just another black man'." A more moving line comes from a young black who was born here. "I'm a black Briton," he says. "But what are you to the British?" comes the response from another black.

Directed by Horace Ové, the performance on the first night by the Talawa Theatre Company was slightly under-rehearsed; by this week, however, *The Lion* should look like a winner.

Malcolm Rutherford
Cochrane Theatre until October 23, (071) 242 7040

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight: Maria de Lourdes and her Mexican orchestra. Tomorrow at 12.30: Riccardo Chailly conducts free lunchtime concert. Tomorrow (Kleine Zaal): Britten Quartet plays Beethoven and Stravinsky. Tomorrow and Thurs evening, Sun afternoon: Chailly conducts Royal Concertgebouw Orchestra in works by Weber, Zemlinsky and Strauss, with bass soloist Willard White. Sat, next Tues and Wed: Serge Baudo conducts Netherlands Philharmonic Orchestra and Chorus in Saint-Saëns and Ravel, with piano soloist Pascal Rogé. Sun evening: Shura Cherkassky piano recital. Next Mon and Wed: Borodin Quartet (24-hour information service 020-675 4411 ticket reservations 020-671 8345) Muziektheater Thurs, Sun: Harburt Haenchen conducts Peter to Nuy's Netherlands Opera production of Orfeo ed Euridice, in repertory till Oct 27. Next Mon: Dutch National Ballet presents first night of its production of William Forsythe's

Artifact, in repertory till Oct 31 (020-625 5455)

ANTWERP

The Flanders Opera's new season opens on Sat with the first of six performances of *Otello*, conducted by Stefan Soltesz and staged by Gilbert Defo, with a cast led by Cornelia Murgu, Knut Strom and Elena Filipova (03-233 6685)

BRUSSELS

Palais des Beaux Arts Tonight: Lothar Zagrosek conducts Orchestra of the Monnaie in works by Stravinsky, Messiaen and Beethoven, with piano soloist Pedro Burmester. Fri: Prague Chamber Orchestra plays Stamitz, Myslivecek, Martinu and Voresek. Sat: Panch Quartet plays Suk, Smetana and Dvorak. Sun: Ondrej Lenard conducts Slovak Philharmonic Orchestra in a Smetana programme. Next Mon: Philippe Herreweghe conducts Ensemble Vocal Européen in works by Gesualdo (02-507 8200)

CHICAGO

CHICAGO SYMPHONY Daniel Barenboim conducts two programmes this week at Orchestra Hall. Tonight: music by Beethoven, Schoenberg and Wagner, with violin soloist Pinchas Zukerman. Thurs, Fri and Sat: world premiere of new work by Shulamit Ran, plus music by Ravel and Brahms. Sun afternoon: Civic Orchestra of Chicago plays Stravinsky's *Les Noces*, Tchaikovsky. Sun evening: CSO chamber music series. Oct 22: Claudio Abbado conducts Berlin

Philharmonic (312-435 6666)

CHICAGO LYRIC OPERA This month's repertory at Civic Opera House is Massenet's *Don Quichotte*, Carlisle Floyd's *Susan and Tessa*. The Massenet, with a cast led by Samuel Ramey and Susanne Mentzer, is conducted by John Nelson and can be seen tonight, Fri and next Mon (runs till Oct 22). The Floyd opera, starring Ramey and Renée Fleming, can be seen on Sat (runs till Nov 5). *Tessa* opens on Oct 23, with Maria Ewing (312-332 2244)

THE HAGUE

Dr Anton Philipszoon Thurs and Fri: Yevgeny Svetlanov conducts Hague Philharmonic Orchestra in works by Glinka, Tchaikovsky and Leareyev, with piano soloist Elisabeth Leonskaya (070-380 9810)

ROTTERDAM

De Doelen Fri: Jukka-Pekka Saraste conducts Rotterdam Philharmonic Orchestra in works by Sibelius, Nordheim and Beethoven, with accordion soloist James Crabb. Sat: sacred choral works by Puccini, Verdi and Rossini. Mon: Guildhall String Ensemble plays Purcell, Elgar, Ruggles and Schubert. Next Tues: Borodin Quartet (010-217 1717)

SALZBURG

A short late autumn festival takes place in Salzburg this month, built around a production of Der Rosenkavalier at the Grosses Festspielhaus, staged by Joachim Herz and conducted by Hans Graf. The cast includes Edith Mathis and

Günter Misenhardt. Performances are on Oct 17, 19, 21, 23 and 30. Cyprien Katsaris is piano soloist with the Salzburg Chamber Philharmonic Orchestra at the Mozarteum on Oct 14, and Theo Adam sings Winterreise on Oct 18. The Georgian Chamber Orchestra gives concerts on Oct 25 and 26, and St Petersburg Ballet Theatre presents a Tchaikovsky programme on Oct 28 and 29 (0662-842229)

VIENNA

MUSIC Staatsoper Tonight, Thurs and Sun: ballet mixed bill. Tomorrow: Arabella with Ashley Putnam. Fri: La bohème with Cecilia Gasdia and Neil Shicoff. Sat and next Tues: L'elisir d'amore with Glusy Davinu and Luca Canonici. Oct 17, 19, 21: Multi-conducts La nozze di Figaro (51444 2955). Next Mon at Volksoper: Anja Silja stars in first night of new production of The Makropoulos Case (51444 2959) Konzerthaus Tonight: Musicians from Marlboro play works by Shostakovich, Mozart and Mendelssohn. Sun: Sergei Leiferkus song recital (712 1211) Musikverein Fri, Sat: Vassili Sinaiski conducts Moscow Philharmonic Orchestra in two Russian programmes, with violin soloist Lane Issakadze. Next Mon: Shlomo Mintz directs Israel Chamber Orchestra (505 8150) Kammeroper Fri: first night of new production of *Eréndira*, opera by German-based Romanian composer Violeta Dinescu. Repeated Oct 9, 11, 14 (513 6072)

THEATRE

The Austrian premiere of David Mamet's *Oleanna* takes place at the Akademietheater on Thurs, in a production directed by Dieter Giesing (51444 2959). Repertory at the Burgtheater includes Euripides' *Phaëton* and Kleist's *Das Käthchen von Heilbronn* (51444 2218)

WASHINGTON

MUSIC/DANCE ● Christopher Seaman conducts Baltimore Symphony Orchestra on Fri, Sat and Sun at Baltimore's Joseph Meyerhoff Symphony Hall. Music by Dukas, Mozart and Mendelssohn, with piano soloist Barry Douglas (410-783 8000) ● Principal dancers of New York City Ballet present choreographies by Balanchine at Warner Theatre on Thurs, Fri and Sat (202-833 9800) ● Lar Lubovitch Dance Company gives a modern dance programme at George Mason University on Sat (703-993 8886)

THEATRE

Twelfth Night: Shakespeare's romantic comedy directed by Douglas Wager. Till Oct 31 (Fichandler Theatre at Arena Stage 202-488 4377) ● Richard II: Richard Thomas as the vulnerable king in Shakespeare's historical drama. Till Oct 31 (Shakespeare Theatre 202-393 2700) ● Beau Jest: James Sherman's romantic comedy. Till Oct 24 (Ford's Theatre 202-347 4833) ● The Caretaker: a much-admired production of Harold Pinter's modern classic. Till Oct 17 (Studio Theatre 202-332 3300)

In Trousers: the William Finn musical comedy that started the Falesettes trilogy. Till Oct 19 (Source Theater Off Hours 202-232 8012) ● Distant First: Kevin Heelan's play about racism on a construction site. Till Oct 17 (Source Theater 202-482 1073)

JAZZ/CABARET

Barnes of Wolf Trap Thurs: The Klezmatics. Fri: Adrian Belew, songwriter and guitarist. Sat: Dave Alvin, rock and roll singer and guitarist. Oct 21: Chick Corea (1824 Trap Road, Vienna, Virginia, 703-218 6500)

ZURICH

Schauspielhaus Arcadia, Tom Stoppard's new multi-layered comedy, receives its German-language premiere in a production directed by Peter Wood. This week's performances are tonight, tomorrow and Fri (01-221 2283) Opernhaus This month's programme is dominated by four Verdi operas - *Rigoletto* (tomorrow and Sat), *La forza del destino* (Thurs and Sun afternoon), *Macbeth* (Fri) and *Falstaff* (new production by Jonathan Miller, first night Oct 23). Repertory also includes *Il barbiere di Siviglia*, Henze's *Der Prinz von Homburg* and Bernd Blücher's production of *Nutcracker* (01-262 0909) Tonhalle Tomorrow: Hans Vonk conducts Tonhalle Orchestra in works by Mozart and Bruckner, with piano soloist Ingrid Haebler. Thurs: Janacek Quartet plays Janacek, Dvorak and Smetana (01-261 1800)

ARTS GUIDE

Monday: Berlin, New York and Paris. Tuesday: Austria, Belgium, Netherlands, Switzerland, Czechoslovakia, Germany, Scandinavia. Thursday: Italy, Spain, Athens, London, Prague. Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(All times are Central European Time)
MONDAY TO THURSDAY Super Channel: European Business Today 0730; 2230 Monday Super Channel: West of Moscow 1230. Super Channel: Financial Times Reports 0630 Wednesday Super Channel: Financial Times Reports 2130 Thursday Sky News: Financial Times Reports 2030; 0130 Friday Super Channel: European Business Today 0730; 2230 Sky News: Financial Times Reports 0530 Saturday Super Channel: Financial Times Reports 0330 Sky News: West of Moscow 1130; 2230 Sunday Super Channel: Super Channel: Financial Times Reports 1900 Sky News: West of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030

American investors have been pouring \$1bn a day into mutual funds this year. That would be enough to pay off the government's 1993 budget deficit in nine months, or to meet the non-mortgage debts of every citizen in little more than two years.

This unprecedented flow of money has helped lift domestic stock markets to record levels. Yet the repercussions of the dramatic growth in mutual funds - pools of individuals' and institutions' money invested in stocks, bonds and cash instruments - go beyond contented fund managers and soaring financial markets.

The inflow represents a shift in the country's investing habits, making individuals' savings more susceptible to swings in financial markets. This change in investment behaviour, in turn, may result in less stable markets: the switching of large amounts of money into stocks and bonds with a higher risk than short-term bank deposits increases the likelihood that investors will withdraw their funds at short notice.

Mr Donald Straszheim, chief economist at Merrill Lynch, warns: "Many of these investors are new to the equity markets, and they likely will get very nervous if the market begins to correct, and they may cut and run. I don't think at the moment that the market is all that vulnerable, but who knows what would set such a stampede off."

The growth of mutual funds is helping fuel economic growth by supplying capital to corporate and government borrowers. Yet it also complicates the Federal Reserve's job of managing monetary policy by distorting money supply measures used to track economic activity and set interest rates.

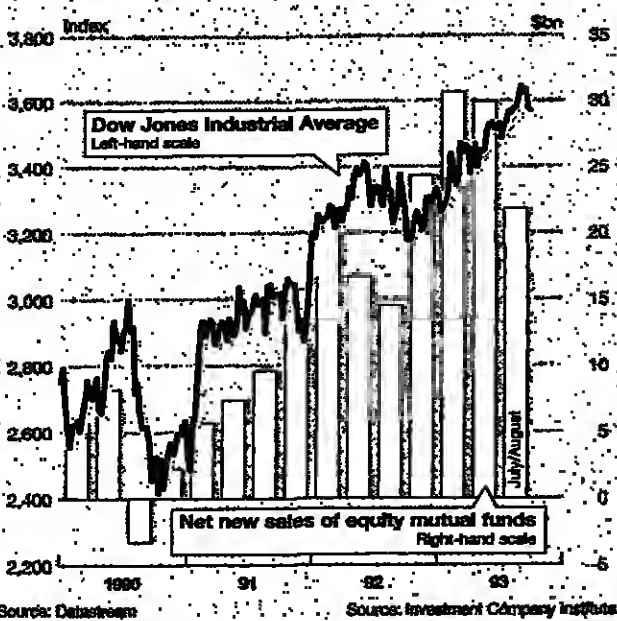
About \$1,800bn is currently invested by mutual funds in US equity, bond and money markets, up from \$700bn five years ago. In 1990, only 6 per cent of US households owned mutual funds; today, 27 per cent, or more than 38m individual investors, own funds.

The most influential factor driving the industry's growth has been low US interest rates. The Federal Reserve began easing monetary policy in late 1990 to help the ailing US economy. From then on, interest rates fell rapidly as the economy moved into a period of slow, low-inflation growth. The sharp decline in rates made stock and longer-term bond funds attractive to investors.

The feeling's mutual

Patrick Harverson examines a change in US investors' habits

Mutual funds: Baby-boomers take the plunge



tors who saw yields on their short-term assets, such as bank certificates of deposit and money market accounts, drop to below 3 per cent.

"An entire generation of adults grew up with the assumption that they could get 7 per cent or higher on their money and take almost no risk. Over the last two years that has become an incorrect assumption - they can only get 2 to 4 per cent risk-free, which is not an adequate return to meet their investment goals," says Mr Roger Servison, head of retail sales at Fidelity, the largest mutual fund group in the US.

At the same time as falling interest rates were pushing yield-sensitive investors into bond and equity funds, the 35-45-year-olds of the "baby boom" generation came of financial age, and embraced mutual funds.

One way "baby-boomers" have gained access to funds has been through their company pension schemes. An increasing number of US companies are turning away from traditional defined-benefit retirement plans, which guar-

antee employees a specific pension by investing their cash in a company-wide fund, towards defined-contribution pensions, which give employees the chance to choose from a variety of investment options, most of which are mutual funds.

The skill of mutual fund companies in marketing their products has been another cause of growth. More than 4,000 funds exist, more than double the number five years ago, and fund groups have been joined by new players in the market - securities houses and commercial banks. Merrill Lynch, the biggest US securities house, is now the country's second-largest mutual fund group with \$115bn of customer assets under its management.

The surge in mutual funds has benefited many companies, as a rising stock market has made it easier to raise finance. Mr Richard Hoey, chief economist at the Dreyfus fund group, says the surge in mutual funds has allowed companies to pay off or reduce their debts. "We ended up with a corporate balance sheet dra-

matically strengthened, and financial risk in the system dramatically reduced," he says.

But there are disadvantages to the buoyancy of the mutual funds industry. The benefits mutual funds have brought to the US economy would be threatened if new investors stampeded out of funds at the first sign of a stock or bond market correction.

Last summer a survey by the Investment Company Institute, which represents the mutual fund industry, showed that one in 10 mutual fund owners had bought their first fund between January 1991 and mid-1992. Moreover, many recent buyers are not particularly wealthy - the ICI says the median income of mutual fund shareholders is a modest \$60,000 a year. What worries the pessimists is that first-time and less well-off buyers, with a significant portion of their savings invested in funds, are just the type of investor likely to be panicked by a market slide.

Most practitioners in the industry agree that the current pace of growth cannot be sustained, and that the risk of a correction in financial markets cannot be ruled out.

Mr Ronald Lynch, chairman of the Investment Company Institute, warned recently: "It is imperative that we educate these first-time investors about both the risks and rewards of investing in long-term funds. In particular, bond fund investors must understand the impact of interest rate changes on the price of bond funds."

The chances of a crash in stock or bond prices, however, are regarded as slim by Wall Street. The economy and corporate earnings are steadily, if slowly, improving and underpinning the buoyancy of financial markets. At the same time, Mr Servison of Fidelity is confident investors will not take fright. "Eighty per cent of all mutual fund owners have been through the '87 crash, the mini-crash of '89 and the Russian coup of '91, and they have learned not to panic in sharp drops in the market," he says.

Industry observers also believe that demographic trends will remain favourable for several years, attracting new investors. At the same time, employee pension plans, with an emphasis on mutual fund investing, are expected to grow more popular.

Such factors encourage companies selling mutual funds to believe that, even if US interest rates start to rise or financial markets dip, the mutual fund industry will not be knocked off its confident stride.

Joe Rogaly

Stuck in the same old rut



It is too easy. Over the past fortnight the Liberal Democrats and Labour have prepared themselves for co-habitation. The repositioning of the left-centre has begun. Victory is assured. The Conservatives are wrung out, testy, ingloriously led. They have lost an ideology and are searching for a role. Worse, they are tired - tired of squabbling, tired of polemics, tired of office. Just watch them fall apart at their conference in Blackpool this week. All that remains is a wait of one, two or at a push three years and the new thinking of the 1990s will take over from the burnt-out remnants of the 1980s. Mr John Smith will be in Downing Street and Mr Paddy Ashdown, a controlling vote in his hands, in seventh heaven.

There is a case to be made for this somewhat unlikely story. It starts with the prime minister. Mr John Major's strategy for reuniting his party is that of a former whip. He wants to give something to his loudest opponents, who are on the right. Thus he confesses, more or less, that there can be no return to the exchange rate mechanism of the European Monetary System while the party is in its present schismatic state. Meanwhile he plods along the Thatcher trail, unaware of where the lady might have turned off, and carries on privatising and market-testing everything that moves.

This approach is out of date. Most of us are turning away from the anarchy that blinkered libertarians of the new right failed to foresee when they sought to create a minimalist state. Middle-class unemployment has ensured that. To take one example, when nobody can get academic tenure but everyone must accept short-term contracts and find their own funding, bang goes the support of intellectuals. Crime has rammed the point home: when everyone is a customer, and nobody a citizen, those who cannot pay smash windows. Society cannot work if every action within it is based on a cash transaction. People need a sense of security, continuity, civic duty, responsibility, charity, professional pride, enduring institutions, structure.

One straw in this wind is the recent publication by the Institute of Economic Affairs of Dr David Green's *Reinventing Civil Society*, in which the author argues for a restoration of civic society, based primarily on voluntary welfare associations. That is a subject all of its own. My point today is that the IEA, the think-tank that led towards 1980s market thinking, is now publishing an argument to the effect that Thatcherism over-stressed the market economy at the expense of community. Another straw is Mrs Virginia Bottomley's attempt to delete the word "market" as applied to the NHS reforms.

Yet another is the message put out by Labour's Mr Tony Blair, the shadow home secretary. The interests of the community and of individuals are intertwined, he says, and few of us forbear to cheer.

Perhaps the most articulate exponent of this change in the political terms of trade is Mr John Gray, a Conservative philosopher and fellow of Jesus College, Oxford. I discussed his book, *Beyond the New Right*,

earlier in the year. Yesterday he wrote in *The Guardian* that "the Conservatives have no coherent view of the functions and limits of market institutions." The "stagnant corporatism" of the 1970s was, he implies, rightly discarded. The result of this, plus seeing "government as the all-purpose solution", is that "British conservatism today has nothing to say about the political task of the age, which is reconciling the subversive dynamism of market institutions with the human need for local rootedness and strong and deep forms of common life".

I would disagree with his characterisation of British conservatism as anything nearly so coherent.

There is the market-besotted right, and there are the rest. The fault-line lies a millimetre to the left of Mr Michael Fortillo, who spoke in favour of the Judeo-Christian ethic of helping individuals help themselves. That line bundles a great many Tories into the territory inhabited by everyone else: in favour of markets, but worried about unemployment, social disintegration, the latter-day destructiveness of the Thatcher-initiated revolution.

Former Conservative voters are turning to the Liberal Democrats, while Labour becomes less frightening, less obviously subservient to unions. The latter are more popular. It may become safe to vote Lib Dem, even if it puts Labour in. So runs my likely story.

It may be a fairy story. The Tories have time to pull themselves together before the next general election. The current

cry in Blackpool is that this is the week in which to support the party and cheer its leader. It may not last the week, but over the weekend the mood began to turn against dissidence. It may become less chic to be a destructive complainer. What the party managers want us to believe is that this is a turning point for Mr John Major. Perhaps it is. He can hardly sink much lower in the opinion polls: nor can the Conservatives. There is nowhere to go but up - isn't there? Technically speaking, the election can be postponed until April 1997. That is an exceedingly long time in politics.

Anyhow, the Lib-Labs are not exactly close to perfection. The Liberal Democrats have been exposed as rampant opportunists. Labour has been seen to be clinging to its trade union parents. Do not misunderstand me. Mr John Smith deserves the applause he received for raising his authority on a vote in favour of reducing the influence of trade unions in parliamentary selection procedures. He was brave, and he got a good press for it. He did, however, pay a high price, partly in promises of legislation that will protect employees but discourage employers from taking them on, and partly by demonstrating that the horse-trading of union votes is still what Labour is about.

In a hung parliament, if there is one, Labour might be accepted as the only possible match for desperate Liberal Democrats. Yet what happened at Brighton was a setback for Labour's modernisers. The cry for "strong and deep forms of common life" will not be stilling by the jollies of the 1990s and 1970s. Lab-Lib must do better if it is to be sure of defeat even the pathetic bunch of dispirited Tories gathering here in Blackpool.

Crime rams the point home: when everyone is a customer, and nobody a citizen, those who cannot pay smash windows

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Evidence of Bundesbank role inconclusive

From Mr James Forster.

Sir, Your article on Hans Tietmeyer ("Changeover at the Bundesbank", October 1) is accompanied by a chronology of the Bundesbank which records several public disputes between government and bank. Since the Bundesbank usually won, it might give the impression that central bank independence is part of the story of the long period of west German economic success.

However this evidence would not be conclusive even if the bank had been right on every issue. In an environment where decisions are taken by the bank, politicians can take the opportunity to criticise policy without having to be responsible for changing it. That does not mean that they would change it if they could. This behaviour also occurs in the US where Congress, although it has no power over

the Federal Reserve, often debates monetary policy. After a dispute in 1972, however, as you say, finance minister Karl Schiller resigned. He clearly wished to challenge the Bundesbank's policy, but what were the motives of the bank? More than one scholar of German policy has recorded the opinion that the Bundesbank deliberately picked a fight with Schiller because it found him unconvincing. Indeed, the bank

adopted Schiller's policy, once he had resigned. This kind of distortion both of economic policy and of the democratic process should not be counted a benefit of central bank independence. It should make us reject the idea forthwith. James Forster, lecturer in the economics of European integration, St Peter's College, Oxford OX1 2DL

Industrial gas competition

From Mr David Green.

Sir, Your article on "Hot air rises around coal decisions", September 29, rightly highlights the shifting positions in the debate about the future of British Gas. I was, however, interested to note that industrial gas consumers can now get gas at 15 per cent less than BG supplies it. Would that this were entirely the case.

Prior to the Monopolies and Mergers Commission Inquiry, the Office of Fair Trading set a target to reduce BG's share of the industrial and commercial gas market by some 60 per cent, in order to allow in new competitors. A likely result of this is that the price of interruptible gas supplies may now go up. Indeed a number of the new players in the gas market actively predict this.

Such a situation results from BG not needing to have its future largely governed by the price set in the interruptible market, and from the fact that, as its overall market share shrinks, its ability to offer low-price interruptible gas to balance demands elsewhere will

also decline. Rising interruptible gas prices will not only adversely affect much of industry. It will also limit the spread of combined heat and power at the very moment the government is actively promoting its wider use to curtail carbon dioxide emissions.

A further aspect of the post-MMC process is the impact the changing nature of the BG tariff market will have on the government-backed Energy Saving Trust, whose revenue critically depends on the pricing formula for the tariff market. The trust is a centrepiece in the government's environmental strategy - if the tariff market is open to all comers, can we expect new entrants to sign up to the regulatory formula which underpins the trust's activities?

When the DTT comes to make clear its position, there will be more at stake than competition alone. David Green, director, Combined Heat and Power Association, 35/37 Grosvenor Gardens, London SW1W 0BS

No theatres victim of review

From Mr Anthony Everitt.

Sir, I enjoyed Anthony Thornecroft and Richard Fairman's assessment of the future of London's orchestras ("The men of violin fight for the loot", September 25). On the whole the piece was incisive and well researched.

However on the subject of theatre funding your correspondents were less accurate. To set the record straight, the Arts Council has never announced that a number of theatres would have their grants withdrawn as a result of the artistic review. This supposition was merely speculation which gained credence through inaccurate reporting.

Your correspondents are correct, however, to identify the enormous public support for the arts in the UK which was prompted by this speculation - support which, I hope, will remain with the Arts Council as we and our colleagues in the arts fight against the proposed 55m cut by government which may well result in irreparable damage to those very theatres and arts organisations which are so vital to our cultural life in Britain. Anthony Everitt, secretary-general, The Arts Council of Great Britain, 14 Great Peter Street, London SW1P 3NQ

Tangible to the opposition

From Mr David Damant.

Sir, Gerry Boon (Accountancy: "No room for own goals in financing soccer's future", September 30) suggests that football clubs must enter players on their balance sheets as intangible assets. Players certainly meet the definition of an asset and should be capitalised

(not to show the value of the business but as a record of the transaction). But intangible? As the opposing team. David Damant, Credit Suisse Asset Management, Bentfort House, 15 St Botolph Street, London EC

Lethal cocktail exacerbating economic problems in Africa

From Mr David Bryer.

Sir, World Bank President Lewis Preston (Personal View, September 27) is right; the magnitude of sub-Saharan's deepening crisis presents the international community with a formidable development challenge. The question is, are the policies of northern governments, the World Bank and the International Monetary Fund capable of meeting it?

Not if proceedings at the World Bank-IMF annual meeting are anything to go by. Yet again, northern governments missed an opportunity to address sub-Saharan Africa's debt crisis, with British efforts to secure agreement on a plan to write off two-thirds of the region's debt foundering on Japanese resistance. The upshot is that debt servicing will continue to drain the region of \$10bn annually, or a quarter of export earnings. These resources are desper-

ately needed for investment in health, education and the physical infrastructure vital to economic recovery.

With an average debt-to-export ratio of 400 per cent, higher than for Latin America during the worst days of its debt crisis, the chances of sub-Saharan Africa attracting the private capital which Mr Preston regards as vital to recovery are negligible. That is why Oxfam is calling on the World Bank and northern governments to increase diplomatic pressure on Japan to comply with the Trinitad terms. As your leader of September 28 ("Debt relief cannot wait") rightly observes, debt write-offs alone will not resolve Africa's crisis. Equally urgent is a review of structural adjustment programmes, designed and implemented under World Bank and IMF tutelage.

Nobody with a concern for Africa can deny the case for adjustment, or the damage inflicted by policies such as over-valued exchange rates, blanket protectionism of inefficient industries, or the heavy taxation of peasant producers by state marketing monopolies. However, adjustment policies are manifestly not establishing a platform either for sustained economic recovery or for successful poverty alleviation. This is reflected in the fact that investment levels in countries undergoing adjustment are lower than in 1980, and in the persistence of high inflation and unsustainable budget deficits.

The IMF's dogmatic attachment to reducing inflation through punitive interest rates, and to rapid import liberalisation, provides part of the explanation for this failure. Across the region, a lethal cocktail of rising costs and cut-throat competition from abroad has caused mass unemployment, and the collapse of labour intensive industries across the region. In many countries, it is the resulting shortages of goods, rather than lax monetary policy, which is fuelling inflation.

Oxfam believes that African governments, northern governments, non-government organisations and the World Bank should unite around a new agenda for recovery and social justice. That agenda must establish a commitment to debt relief, and to redistributive policies which enable poor people to benefit from market reforms. Without that commitment, Africa's accelerating descent into social and economic catastrophe will continue uninterrupted into the next century. David Bryer, director, Oxfam, 274 Banbury Road, Oxford OX2 1DZ

WE PUT YOUR PLAN IN MOTION.

"The shortest distance between two points is a straight line" is a saying here in northern Germany. This is a principle which we also follow in the professional real-estate business, particularly in our specialist fields of commercial real-estate financing and long-term credit. As one of the ten largest banks in Germany, we also have extensive market knowledge and the essential know-how to make us the ideal partner for many professional investors. You can bank on it!

OUR OFFER:

Request our brochure "Real-Estate Banking" or talk over your real-estate planning personally with our experts. Telephone:

Hannover	49/511/361-6291
Braunschweig	49/531/487-3990
Berlin	49/30/8543098
Hamburg	49/40/3480556
Düsseldorf	49/211/35185
Frankfurt	49/69/42044-201
Stuttgart	49/711/5268071
München	49/89/554017
Magdeburg	49/391/3990
Leipzig	49/341/5647594



NORD/LB
NORDDEUTSCHE LANDESBANK
GROZENTRALE

Hannover · Braunschweig · Magdeburg · Schwerin
Frankfurt · Leipzig · London · New York

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday October 5 1993

The final argument

IT LOOKED bad. The parliament building ringed by tanks, firing shells at its plate glass windows. Inside, a huddled group of elected representatives of the people. Outside, a president who bears up to the constitution, uses the army to impose his authority, and suspends opposition newspapers, edged on by the leaders of the "free world".

It is bad, but that does not mean that Mr Yeltsin or his western backers are wrong. It is tragic that the post-Soviet power struggle in Russia had to be resolved in this manner, but it is not really surprising. What has been surprising up to now is the reluctance of almost all Russian parties to resort to force, and of the Russian armed forces to act as the arbiters of political conflict, and the widespread acceptance, in a country with little or no experience of democracy, of the idea that ultimately political power must be allocated by majority vote.

Yet that principle, however valuable, is not by itself enough to resolve all conflicts. So much depends on who votes, and when, and for what. Most democracies have written constitutions to regulate those matters; but more important than any text is a social consensus, derived from tradition, about how things should be done.

Vital principle
In Britain, for example, there is a clear understanding among all parties that, if the monarch dissolves parliament on the advice of her prime minister, it is dissolved and new elections will be held. If Mr John Major lost a vote of confidence in the House of Commons, he would not need to send tanks to disperse his opponents. The issues in question were decided in British centuries ago, by people who were quite prepared to use the equivalent of tanks when a vital principle was at stake. Might is not right, but right without might is ineffectual. Force is and always will be *ultima ratio regum*: the final argument of kings.

In Russia, where these issues are now being decided for the first time, it is not surprising that that "final argument" has had to be invoked. The locus of legitimacy was not clear. Mr Yeltsin had solid grounds for believing it lay with him, and took care to establish that this view was shared by the

commanders of the armed forces. But his opponents were not convinced until the final argument was deployed. Indeed, so sure were they of their own legitimacy that on Sunday they took the initiative in attempting to seize power by force.

The bloodshed that resulted is highly regrettable. But the outcome of the struggle is a matter of quite legitimate relief. Russia's crying need in present circumstances - and the overwhelming interest of the rest of the world - is for coherent government. It is not certain that Mr Yeltsin can satisfy it, but it is quite certain that his opponents could not.

Economic autonomy

Mr Yeltsin has won an important victory, even if at high cost. He owes it, to the dead as well as the living, to make sure that they have not died in vain. He must exploit his victory to the full, asserting his new-found authority not only in Moscow but throughout the federation. That does not mean installing a reign of terror, which would be repugnant to both Russian and international public opinion, and therefore counterproductive. It does mean dismissing officials who reject or ignore government decisions, and - much more difficult - replacing them with others who are competent as well as loyal. It means pushing ahead with the reforms that are giving economic autonomy to Russian individuals and firms. And it means organising new elections to settle the issue of legitimacy beyond doubt.

Mr Yeltsin said yesterday to have come round to the view that presidential and parliamentary elections should be held simultaneously. That would certainly be preferable to prolonging the agony, with a six-month presidential campaign straight after a three-month parliamentary one. Mr Yeltsin's victory yesterday will be pyrrhic indeed if he ends up with a new parliament no more co-operative than the one he has just forcibly dissolved. He has not got time to build a fully structured party. But he can and should endorse a full slate of candidates pledged to support him and his programme - so that voters have a chance both to choose a president and to give him a majority he can work with.

Tightening up internal controls

THE WORDS "internal controls" like catnip on accountants: they produce a frenzy of enthusiasm, sometimes for reasons entirely clear to the outside world.

Just such a surge of excitement was created by one of the recommendations of last year's Cadbury committee on corporate governance. "The directors should report on the effectiveness of the company's system of internal controls," said the Cadbury code.

Since then, an accountants' working party has been fleshing out the details. Its report appeared last week, under the auspices of the Institute of Chartered Accountants in England and Wales. Already, critics are complaining about the catnip effect.

The report is a long one: six chapters, six appendices and 67 pages. It is detailed, prescriptive and wide-ranging. It includes, for example, the question of how a company seeks to enhance the expertise of its staff, communicate its ethical guidelines, "evaluate and counsel staff on a formal basis", and assess the risks of technology, currency fluctuations or corporate acquisitions.

The recommendations have immediately been criticised: too bureaucratic, too detailed, impossible to implement, say the critics, who include finance directors of some of Britain's biggest companies.

Some such opposition was always likely. Much of the original Cadbury report was about the top-dressing of company life: the structure of board committees, the role of non-executive directors, and so on. The internal controls issue reaches deep into the workings of Britain's companies, and correspondingly stirs up more resentment.

Nitty-gritty
Both sides in the argument have a point. From the accountants' point of view, internal controls are the vital link between the good intentions of a Cadbury-conscious board and the nitty-gritty of daily business practices. Without proper internal controls - and a "control environment" of honesty and commitment throughout the company - the governance reforms are a waste of time.

From the critics' point of view, the report is yet another example

of non-economic thinking. Companies are constantly urged to improve this or that internal mechanism - environmental, equal opportunities, legal compliance, and now financial controls - on the grounds that their objectives are absolute goods, requiring no further justification.

Yet all internal systems, for control or information, impose costs on the company, its customers and its shareholders. Collectively, they impose a cost on society which may be equal to or greater than the sum of the benefits they provide. Advocates of better control and monitoring usually place little weight on this possibility; the theme gets only six lines in the working party report.

Financial scandals
There is plenty of time for the critics to seek to influence the shape, tone and details of the working party document: the deadline for comments extends to February next year. As part of the discussion process, it is worth remembering lessons from the financial scandals that led to the Cadbury report in the first place. One common theme of the Maxwell and BCCI affairs - and of other, less spectacular crashes - was the ability of top managers to distort and manipulate the most vital records of the companies they led. In the BCCI case, for example, loan details were falsified; at the Maxwell companies, transfers of pension fund assets were recorded incorrectly.

In these and other cases, the rest of the directors displayed an apparent lack of responsibility for the proper functioning of internal controls. This fully justifies Cadbury's aim of giving directors specific responsibility for assuring themselves that the company keeps proper financial records.

In retrospect, what had seemed on Sunday a rout of the forces of President Boris Yeltsin by the pro-parliamentary mob on the Moscow streets was, wittingly or not, a bloody but brilliant trap.

Released from their 12-day confinement in the White House, the parliament building, the defenders, led by ex-General, ex-vice-president, acting President Alexander Rutskoi, launched themselves on the mayoral offices and the Ostankino TV centre. Their easy success at the mayoralty - from which the riot troops fled ignominiously - made them drunk with success (some were already literally so). Their attack on Ostankino, initially partially successful, was halted late last night and by early yesterday morning repulsed.

From 7am, divisions loyal to the president had removed any doubts as to their willingness to fight fellow Russians - blasting away at the White House, with enthusiasm, blackening its shining facade in hours. From the president's men came a steady barrage of propaganda, identifying those within the building as criminals, communists and fascists: "Our only task," said General Dmitri Volkogonov, Mr Yeltsin's military adviser, "is to clean these fascist bandits out of parliament and out of Moscow."

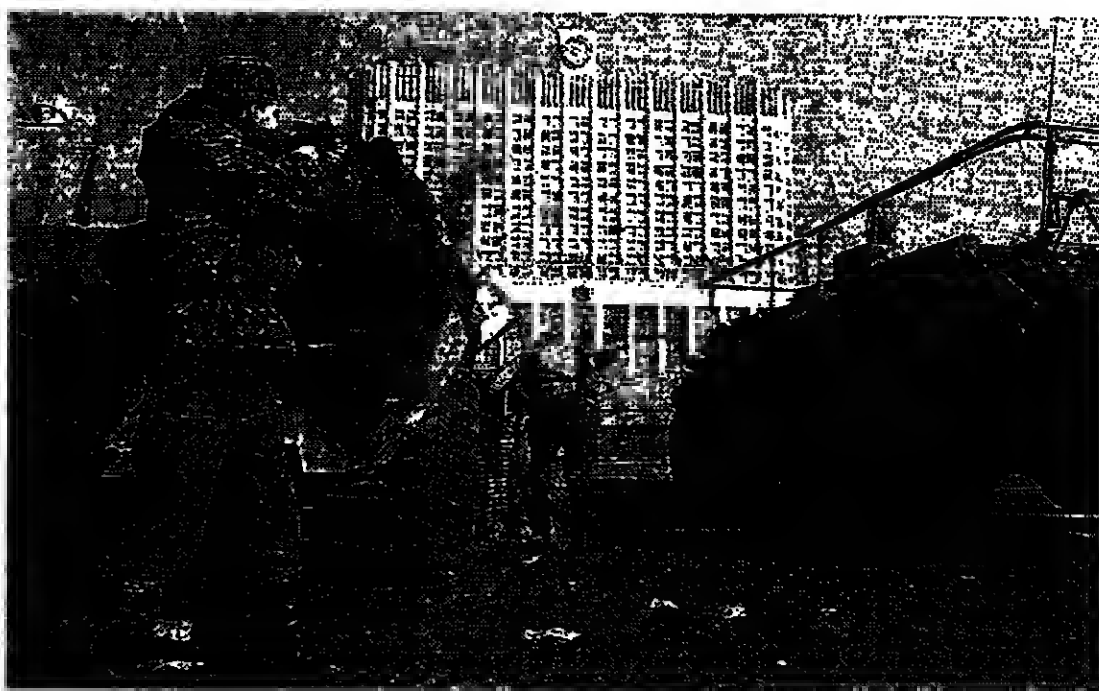
Mr Yeltsin's TV appearance early yesterday was almost comical. His weakness, he said, was in being over-patient, not prepared for the ferocity of his opponents. He had taken a calculated risk, but his citizens could well ask why he was not prepared, given that the omission caused many deaths. However, he knows well the psychology of his fellow countrymen and women, which tends towards pity for the underdog and the victim - a fact which inhibited him from attacking parliament building before it clearly revealed itself as the aggressor.

Before and during his troops' recapture of the White House, his moderate opponents were forced to choose - and choose him. Mr Grigory Yavlinsky, the most prominent candidate for Mr Yeltsin's job when elections are held, called on him to attack the parliament ruthlessly. Mr Yevgeny Ambartsumov, head of the parliament's foreign affairs committee, who has been consistently critical of the president, said: "His weaknesses are well known, but now we don't have a choice: we support the president." The sight of armed bands roaming Moscow's streets, prepared to capture, beat or kill mayoral aides and TV staff, flaunting communist or fascist banners, sickened all but the most hardened anti-Yeltsinists.

Once more, Mr Yeltsin has shown he is a good man in a tight corner. But this time he has also shown that he, or his advisers, can con-

Parliament's defeat might tempt Yeltsin to prolong autocratic rule and delay reform, says John Lloyd

Victory for all the president's men



House on fire: 'Our task,' said General Dmitri Volkogonov, 'is to clean these fascist bandits out of parliament'

struct and execute a plan successfully. Preparing the ground with visits to the crack divisions around Moscow (exactly those that came to his aid), giving an elaborate display of willingness to compromise with parliament, insisting on constructing a government and a team from one spectrum of politics (at the cost, of course, of confusion in economic policy) - all of these came to serve him well.

He has waded through blood, but he can plausibly say he had no choice. The hard fact is that he has probably benefited from so doing.

Communism has been convincingly identified with violence, extremism and its supposed opposite, fascism. The flag most in evidence around the White House before the attack, the most common banner on the victorious marches on Sunday, was the red flag. Its more moderate supporters claimed they were fulfilling part of their old duty of protecting the wretched. Now, they have supported an uprising which claimed many victims - and which failed.

To be sure, the spectacle - watched up close by many in Moscow - of armour pounding parliament, roused feelings of sympathy for the people inside. But the winner in Russia still takes, if not all, a great deal: and one would expect many of the regions, shorn of a federal parliament with which to ally themselves, to seek an accommodation with a victorious president. The neighbouring states, led by Ukraine and Lithuania, yesterday reaffirmed their support for the "democratic forces" under the president. They had little choice, since his opponents were increasingly clear that they wished to resurrect the Soviet Union from which the states had escaped. The regions, still to respond, will also have to live with President Yeltsin, and few will see much profit in continued principled opposition.

If he goes to an election quickly - and the Interfax news agency, citing his advisers, yesterday said he now thought he should have simultaneous presidential and parliamentary elections in short order - he

can probably win as a law and order president. There is, again, the risk of his losing as a slayer of Russians and a destroyer of the constitution. But if he continues to insist that he wants to construct a new democracy, he may convince many of his citizens to support him, because in the main they simply want peace and elementary order.

It is here, of course, that the largest danger lies - one which has been imminent since he closed down parliament and thus precipitated this turn of events two weeks ago this evening. The threat is of a president who finds the exercise of sole, untrammelled power attractive, and who convinces himself and his circle - or is convinced by his circle - that the prolongation (temporary, of course) of presidential rule is best for the country.

This passage of arms gives him cause to think so. Here was, it seems, a monstrous and murderous conspiracy to overthrow the state with armed force. As Gen Volkogonov and Mr Sergei Filatov, the president's chief of staff, said yesterday,

the "mopping up" operations of armed extremists in Moscow and elsewhere will take some time - a curfew has already been imposed. Mr Yeltsin has banned all groups which took part in the defence of the White House, and frozen their funds. Mr Yuri Afanasyev, the veteran radical democrat who was at the forefront of perestroika under Mr Mikhail Gorbachev and who deserted Mr Yeltsin because of his lack of commitment to reform, sounded doubtful yesterday: "I hope we can get through this to democracy: if the president can manage this, we may yet build a secure foundation for it - but everything now depends on him."

Everything now does indeed depend on him and on his advisers and ministers. In removing parliament he has cut out a poison, but not yet cauterised the wound. If left to fester, it could fester well beyond Moscow. After the exhaustion of the past few days, he must again gird himself to give new impetus to reforms which will produce no quick results, but without which his country could more easily fall to the forces defeated yesterday.

History is replete with dictators who destroyed or rendered servile their popular assemblies in order to have unimpeded power. Mr Yeltsin claims to be an exception. He has acted, he says, not to rule without hindrance but to construct a balanced division of powers on a democratic basis. His case is also that the parliament - which originally elected him, supported him, then turned against him - is a remnant of an irrelevant communist past.

This claim is at once full of sense and full of danger. Many ordinary people, by their testimony on the streets, find Mr Yeltsin threatening - both because he has smashed the countervailing power and because he ploughs on with reforms which they cannot understand and from which they do not benefit. On the bridge overlooking the White House yesterday morning, as the shells crashed into its walls, Mrs Yevgenia Zagladina, a middle-aged teacher, was semi-hysterical. "Look, this is fascism: this is how it comes," she said. "This is his victory. Yeltsin is at his head." Now, Mrs Zagladina and others have no choice: there is no one else in a position of independent authority in whom they can place their trust.

Mr Yeltsin has survived a test of fire. He faces the longer, less controllable test of bringing together, constructing and letting grow new - and opposing - forces which will form a new Russia. The shedding of blood - and the toll will be many hundreds - will be of some value if this massive task is accomplished through its sacrifice.

A blueprint to reshape government



PERSONAL VIEW

Vice-president Al Gore's initiative to reinvent US government has been criticised for being tame. This is unfair. His proposals to decentralise, cut red tape, empower and expose bureaucrats to competitive tendering are clearly desirable, if scarcely revolutionary.

The risk is that the reformist thrust will before long lose its momentum, and the old bureaucratic habits reappear. The problem is global. Just as the Gore initiative revisits ground trodden by President Reagan's deregulators, so Britain's prime minister John Major, when he presents deregulation as a main theme of this week's Conservative party conference, will be revisiting Lord Young's deregulatory thrust of the 1980s.

The propensity of bureaucratic empires to regress and expand is at the centre of the public choice school of economic analysis pioneered by US economists James Buchanan and Gordon Tullock. Yet their followers have failed to devise a new model of government that would curb the growth of bureaux, build in opportunities to choose between potential providers of government services, and define more tightly what politicians and public want officials to deliver.

In one relatively small country the tribulations of the 1980s led to the invention of a means to achieve these objectives. New Zealand is well known for its liberalising "Rogernomics", pioneered by finance minister Roger Douglas, which helped turn round its economy in the 1980s. In the 1990s it may become even better known for a sophisticated redesign of its entire machinery of government.

In the new framework, a policy is no longer a vague notion, linked loosely, if at all, to what departments actually do, frequently at odds with available resources and disconnected from desired goals. Every department now has a "purchase agreement" with its minister. And not only does the minister explicitly purchase policies from the department, but the former depart-

mental permanent heads, now renamed chief executives and on fixed-term contracts, are personally accountable for departmental delivery.

The secret of the New Zealand formula is that it sharpens and clarifies at every stage what government thinks. First and foremost, it puts new pressures on ministers to clarify their own objectives - the

desired "outcomes" of their work - clear them with colleagues, and vote proper resources and establish political priorities. Not all ministers find that this comes naturally, but the obligation to sign a contract with their department specifying its tasks for the year ahead concentrates the mind. What seemed like a rod for the bureaucracy has become a healthy discipline for politicians,

and a disincentive to seat-of-the-pants short-termism.

The ministerial purchase contract is incorporated within a performance agreement with each departmental chief executive. It sets out the key areas for which the chief executive is accountable. Chief executives have autonomy to run their departments and hire and fire, as never before. The *quid pro quo* is tough reporting requirements.

The model contract supplied by the system's watchdog, the State Services Commission, runs as follows: "As chief executive I will provide a written report to the minister against all parts of this agreement which identifies any significant variations of actual against target performance, what specific action will be taken to address under-performance, and set out in a more detailed report what was expected and what was delivered."

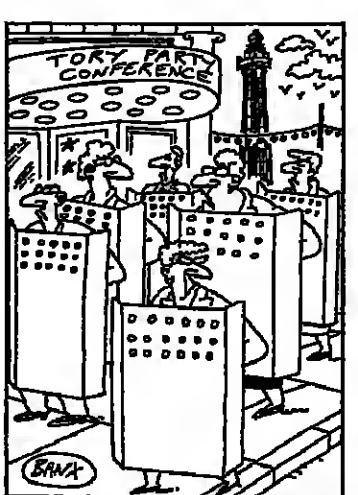
Not every chief executive is thrilled by the new regime. It provides, after all, just the sort of targets, monitoring techniques, incen-

tives and performance measures that prevail in the business world but are anathema to many public servants worldwide. But politicians of all stripes are beginning to recognise the system's potential to squeeze better value for every taxpayer dollar. Introduced by Labour, the system has been reviewed, endorsed and developed by the National party. Invented by high-powered Treasury officials in response to New Zealand's crisis of the 1980s, it is more than a patch-up, providing a new intellectual understanding of government as a series of defined and enforceable contracts.

For Al Gore, John Major and politicians across the world struggling to squeeze more performance out of creaking governmental systems designed in the last century, New Zealand's redesign points the way.

Graham Mather
The author is president of the European Policy Forum, an independent think-tank

OBSERVER



"Whose faction are you siding with?"

DC mafia

When Britain's Sir Nigel Wicks takes up the chair of the European Community Monetary Committee he will be joined by another old Washington hand at the top of the secretive EC body.

For later this month, Günter Grosse, currently the German finance ministry's expert on European Monetary Union, moves to Brussels to head the committee's permanent secretariat.

Wicks and Grosse know each other from when they were respectively British and German executive directors of the International Monetary Fund in Washington.

Both high-fliers, Sir Nigel is second permanent secretary in the Treasury and so responsible for

Euro-federalist views and he takes over as chairman after a period when relations with the Commission have occasionally been fraught.

Lasting supper

Guess who's coming to dinner? The Tory party hierarchy has stepped up its campaign to persuade Lady Thatcher to keep her vow of silence during this week's Blackpool conference.

Sir Norman Fowler is hosting a very private dinner for her on Wednesday evening. It should help to keep her in good humour for her appearance on the platform during Kenneth Clarke's speech on the economy the following morning.

So who these days gets invited to such exclusive gatherings? Observer can reveal that Charles Hambro, Maurice Satchi, John and Penny Gummer and Lady Wakeham have all accepted. But there are still one or two places going spare.

Any suggestions?

In for a penny

Far from constituting its own reward, virtue can leave you distinctly out of pocket these days, as Colin Forsyth discovered last month.

Forsyth, a founder director of the insolvent insurance group

London United Investments, had tried everything he could think of to chivy the Department of Trade and Industry into finishing its investigation into LUL.

Almost three years since the inspectors began their work, Forsyth got wind towards the end of September that the investigation had finally been completed. As one of the only two remaining directors, he awaited his pre-release copy for comments and suggestions with not a little interest. But nothing materialised.

So he phoned the DTI yet again, to be informed that, had he been reprimanded or severely criticised in the report, he would naturally have received an early copy, gratis, so that he could make a rebuttal, or if necessary, prepare a defence in law. Since he did not fall into this category, the DTI added brightly, he would have to pay the full price, £36 a copy.

Backlog

Light at last on one of the mysteries of British Rail's operations - why, whenever it alters its running schedules, the new timetables are never available to travellers until after the changes have been put into force.

Asking the question at a suburban ticket office, a reader was told: "It's the timetables department: they work to a 25-hour clock."

INTERNATIONAL COMPANIES AND FINANCE

SAS directors reaffirm support for Alcazar project

By Hugh Carnegie
in Stockholm

THE directors of Scandinavian Airlines System (SAS) were forced yesterday to reaffirm their support for the Alcazar project to combine forces with KLM Royal Dutch Airlines, Swissair and Austrian Airlines following media reports in Scandinavia alleging opposition to the alliance at the highest levels in SAS.

SAS said the Alcazar negotiating team, led by Mr Jan Carlzon, who resigned as SAS pres-

ident and chief executive last week, had the full support of the board and new management. "SAS's position in favour of Alcazar is unchanged. The organisation changes made by SAS last week combine the purpose of completing the Alcazar negotiations in a manner satisfactory to SAS and the purpose of improving SAS's profitability," SAS said.

Newspaper reports in Denmark, Norway and Sweden have suggested Mr Carlzon was pushed out because of

SAS's poor financial condition and scepticism over the viability of the Alcazar project. They have alleged splits between the Danish, Norwegian and Swedish camps within the three-cornered airline. Specifically, they alleged that Mr Tage Andersen, the Danish chairman of SAS, had been at odds over Alcazar for some time with Mr Carlzon, a Swede and one of its most enthusiastic proponents. SAS blames the reports on mischievous attempts to exploit tensions between the different nationalities within the airline.

Trygg stops writing new reinsurance business

By Christopher Brown-Humes
in Stockholm

TRYGG-HANSA SPP, the Swedish insurer, is to stop writing new reinsurance business immediately to concentrate on its Swedish activities and international industrial and corporate insurance.

The move ends an involvement dating back to the start of the century and follows the company's March decision to halve its reinsurance activity. The group is ranked as one of the world's top 50 reinsurers with 1992 premiums of \$52.5bn (\$316.4m).

Mr Lars Pilgren, head of Trygg's reinsurance and marine operations, said the decision to pull out of reinsurance was logical when it was no longer considered a core business.

Last year, Trygg suffered a \$547m loss from reinsurance because of losses from credit insurance and exposure to hurricane Andrew. In 1993, a break-even reinsurance result is expected.

The winding down process will take a number of years, as claims can be expected to come in even though premiums are no longer generated.

The group is seeking a European partner in industrial insurance and it wants to strengthen its position in Sweden. The company's US affiliate Home Holdings said last month it would raise \$335m through an initial public offering and seek a listing on the New York Stock Exchange.

SME improves to L65.3bn

SME, the Italian retailing and catering group which is being progressively privatised, saw net profits climb to L65.3bn (\$41.1m) in the first half, from L41.8bn last year, writes Halg Simonian in Milan.

The company predicted earnings for the full year would be in line with those of 1992. Italgas, the gas and water services group, said pre-tax profits for the first half fell by 4.8 per cent to L19bn.

Industry bewildered by unlikely trio

Paul Abrahams reports on the spate of petrochemicals acquisitions

LORD HANSON, Mr Kerry Packer, and Mr Joo Huntsman form a surprising trio. But during the last two months the English Lord, Australian entrepreneur and Mormon maverick businessman have taken a punt on the troubled petrochemicals industry.

In July, Lord Hanson acquired Quantum Chemical, the largest US producer of polyethylene, for \$3.2bn. Two months later, Huntsman, the privately-owned US group run by Mr Huntsman, announced its largest acquisition, buying Elf Atochem's French expandable polystyrene operations for an undisclosed sum.

Six hours later, the same group in partnership with Mr Packer revealed a still larger deal, purchasing Texaco's chemicals operations for \$1.06bn.

The acquisitions left the rest of the petrochemicals industry bewildered. They were unsure whether the trio were demonstrating superb timing by buying at the bottom of a particularly bad downturn and would soon reap the benefit of a recovery, or that the three - along with the rest of the sector - would continue to suffer from continued over-capacity, poor margins and potential losses.

Mr Huntsman, the chief executive of the largest US privately-owned chemicals group,

has bet his shirt before.

In 1983, one of the least propitious times to enter the commodity petrochemicals business, he mortgaged his family's fortune and borrowed a great deal of money to acquire a \$42m polystyrene plant from Shell. The Shell executives reckoned he would lose everything as well as the bank loans. They gave him a bronze sculpture inscribed: Riverboat Gambler. From your friends at Shell.

However, the gamble paid off. Within five years, Mr Huntsman's company had acquired further facilities from Shell in the UK and Hoechst in the US, generated pre-tax profits of \$40m in a single 12-month period and cleared its debts.

Huntsman's latest deals dwarf those of the early 1980s, and nearly double the group's turnover to \$3.1bn a year, an impressive achievement for a company that did not exist 10 years ago.

Mr Huntsman explains: "We don't buy companies to make profits out of the cycle - that philosophy just does not make sense. We're looking to make profits from day one."

Huntsman group can make profits in commodity chemicals at the bottom of the cycle because of its low cost base, says Mr Huntsman.

"As a private family-run company we just don't have



Jon Huntsman: 'Managing growth is troublesome'

the enormous overheads associated with a public group," he says. The group's running costs and those for sales and general administration are only 4.2 per cent of turnover. That compares with 9 per cent for the rest of the industry. Costs are kept down through the company's policy of running plants at 100 per cent capacity. That reduces costs per unit, and improves quality because the plant is not stopping and starting.

"We've been waiting for the down-cycle to come. We've been planning for it, while the others have been dreading it. It gives us the opportunity

acquire at reasonable prices. If we make money on the up-cycle - well, that's just gravy." Mr Huntsman admits the group has its work cut out managing the increase in the business's size. "Managing growth is troublesome and I do worry about it. There's a difference between managing 300 people in a family business and a group employing 10,000 staff in 66 locations."

Nevertheless, Huntsman managers are confident they can cope with its latest acquisitions. They argue the purchase of three Hoechst polystyrene plants in 1986 was far more stressful because the deal tripled the size of the group when there was no corporate structure in place.

As for the gravy offered by the cycle, Mr Huntsman reckons the outlook for much of the industry remains grim. The cycle is on a more definite curve in the US than Europe where he expects little light over the next two to three years. In North America, polystyrene and polyethylene are at a low ebb, but expandable polystyrene and polystyrene are in short supply and margins are more healthy than at any time, he claims.

With little help from the market, Mr Huntsman's and Lord Hanson's management skills will need to be well in evidence to avoid a long-haul to respectable profits.

Groupe Bull agrees factory sale

By John Ridding in Paris

GROUPE BULL, the French state-owned computer group, is to sell one of its two French manufacturing centres as part of a rationalisation programme aimed at stemming heavy losses.

According to Bull, it has agreed in principle to sell its factory at Villeneuve d'Ascq in northern France to Decathlon, a French distributor of sporting goods. Bull declined to comment on the price of the proposed sale.

The decision comes at a time when Bull is under increasing pressure to reduce losses which have amounted to about FF15bn (\$2.6bn) over the past three years.

The company has asked the French government for FF9.2bn in new capital over the next two years to help it fund a restructuring plan which includes 6,500 job losses and a shift in emphasis from the production of computer hardware towards services and the supply of software.

The French government is considering Bull's request for a capital injection and is expected to make an announcement within the next week. But Mr Karel van Miert, the EC competition commissioner, is considering opening an inquiry into the French state's financing for the computer group.

Industry analysts argue that a return to profitability at Bull requires a shift in production

to low cost sites, possibly outside Europe and the US. The sale of the Villeneuve d'Ascq plant is regarded as a step in this direction.

Bull said the Villeneuve plant, which was built in 1986, and described at the time as one of the world's most modern production facilities for the manufacture of personal computers, would continue to operate until the end of the year.

In addition to the Villeneuve d'Ascq factory, Bull has a large production facility at Angers in central France. Its Zenith Data Systems personal computer subsidiary, which has been responsible for much of the group's losses in recent years, has a factory in St Joseph, Michigan in the US.

Invergordon rejects renewed offer

By Philip Rawstone in London

A RENEWED attempt by Whyte & Mackay, the UK drinks subsidiary of American Brands, to gain control of Invergordon Distillers has been rebuffed.

Fleming Investment Management, which has a 13.6 per cent stake in Invergordon, is understood to have rejected an offer of 30p a share - 27p cash and a 2p dividend.

Whyte & Mackay was left with 41 per cent of Invergordon after an unsuccessful bid two years ago. It launched that bid at 25p a share and raised the offer to a final 27p a share.

Another Invergordon shareholder said yesterday that it considered the new approach inadequate. "If Whyte & Mackay thinks it can come back after two years and take advantage of a temporary dip in Invergordon's share price, it should think again."

A price of 30p, the shareholder added, did not reflect the value of Invergordon, which had doubled net assets to \$84m (\$95.5m) and cut borrowings to £22m from £46m since flotation three years ago.

Invergordon's share price closed 2p higher at 28p yesterday. The shares have fallen from 39p since a 23 per cent

fall in first-half profits to £11.3m was reported last month. It was the first setback in nearly a decade of uninterrupted growth.

As analysts downgraded forecasts of full-year profits to £27m from last year's £32m, there was widespread speculation that Whyte & Mackay would make a further bid to take over the company before the end of this year.

Robert Fleming, the investment house, which is Invergordon's financial adviser as well as a leading shareholder, played a crucial role in the rejection of Whyte & Mackay's bid in 1991.

GIB falls to BFr605m in first six months

By Andrew Hill in Brussels

FALLING food prices and depressed consumer spending combined with rising labour costs to cut net profits at GIB Group, the Belgian retailer, to BFr605m (\$16.8m) in the six months to July 31, from BFr1.68bn in the corresponding period last year.

GIB, which is Belgium's biggest private-sector employer, announced 10 days ago that 4,600 of the 17,000 full-time and part-time employees in its Belgian supermarket chain would lose their jobs over the next three years.

The group said that provi-

sions linked to this recovery plan would appear in the second-half results, but it made no comment on the outlook for the full year.

Profits were hit by extraordinary costs of BFr530m related to restructuring of its Sarna stores. In the first half of last year, GIB recorded an extraordinary profit of BFr365m, following property sales.

GIB recorded sales of BFr1.13bn in the first half, against BFr1.1bn in the equivalent period. Supermarkets and hypermarkets increased sales by 1.4 per cent, while do-it-yourself stores pushed up turnover by 5.8 per cent.

Aerospatiale plunges further into the red

By John Ridding

AEROSPATIALE, the French state-owned aerospace group, suffered net losses of BFr870m (\$150m) in the first six months of the year, almost double the BFr477m net loss in the first half of 1992.

The group, which is included on the list of 21 public companies selected for privatisation by the French government, blamed the decline on the depressed state of the international civil and military aviation markets.

Aerospatiale said that a return to profits required continued restructuring and econ-

omy measures in the coming months.

Sales fell by 12 per cent to FF22.98bn for the first half of the year. Aerospatiale said it expected full-year sales to decline.

The first-half performance included an exceptional charge of FF440m resulting from the cost of provisions for the group's restructuring plan. The plan, announced at the beginning of the summer, includes the loss of 2,240 jobs by the end of next year.

This exceptional loss was partly offset by an exceptional gain of FF415m as a result of the sale of shares.

This announcement appears as a matter of record only.

SNCB



has received a credit rating of

'AAA'

from Standard & Poor's Corporation
for its Belgian Franc senior debt

Our ratings specialists acted
as financial advisors during the rating procedure

Citibank, N.A., a member of SFA & IMRO

September 1993

CITIBANK

AGF GROUP - 1st HALF 1993

NET EARNINGS: FF 1,411 MILLION
PREMIUM INCOME: FF 32.6 BILLION

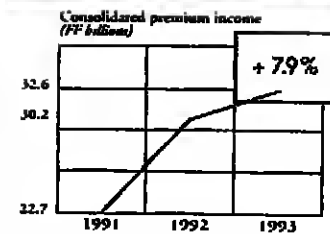
Our strategy since 1991 has been characterized by our determined effort to confront the downturn recorded in non-life insurance markets throughout the world by making improved profitability rather than growth in premium volume our priority concern.

For AGF, 1993 has confirmed the validity of the strategy of improving the fundamental factors in the earnings of an insurance undertaking: cost control, portfolio reform, adequate rates.

The FF 1.4 billion in earnings posted for the first half shows that our perseverance has paid off.

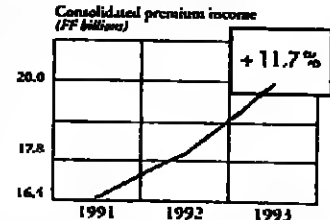
Michel ALBERT
Chairman

INSURANCE OPERATIONS AS AT JUNE 30, 1993



Consolidated premium income: FF 32.6 billion in subsidiaries.
International share of revenue: FF 12.6 billion.

INSURANCE IN FRANCE



Premium income: FF 20 billion generated mainly by AGF VIE (FF 10.5 billion) and AGF IART (FF 8.6 billion).
Contribution to half-year earnings: FF 1.183 billion.



assurances

INSURANCE OUTSIDE FRANCE

Consolidated premium income (FF millions)	1992	1993
Belgium/Luxembourg	1,558	1,736
United Kingdom	1,505	1,596
Spain	1,840	1,571
Others	4,913	4,886
Total	9,816	9,789

Premium income: FF 9.8 billion, achieved mainly by AGF International (excluding AMB).
Percentage change on a comparable basis: 14.5%.
Contribution to half-year earnings: FF 212 million.

REINSURANCE

Premium income: FF 2.8 billion, including FF 1.5 billion from SAER.
Contribution to half-year earnings: FF 48 million.

BANKING, FINANCE AND REAL ESTATE OPERATIONS

Contribution of banking and finance operations in half-year earnings: FF 163 million.
Including: Banque du Phénix: FF 6 million.
BFCE: FF 46 million.
Comptoir des Entrepreneurs: FF - 297 million.
Contribution of real estate operations to half-year earnings: FF 65 million.

GROUP HOLDING COMPANIES

Contribution from Société Centrale des AGF and the 4 holding companies AGF S.A., AGF International, Métropole S.A. and Compagnie Financière du Phénix: FF 393 million.

BECAUSE TOMORROW IS DECIDED TODAY

INTERNATIONAL COMPANIES AND FINANCE

Trotman to take over from Poling as Ford chairman

By Kevin Done, Motor Industry Correspondent

MR ALEX Trotman is to take over as chairman, chief executive and president of Ford, the world's second-largest vehicle maker after General Motors, with effect from November 1.

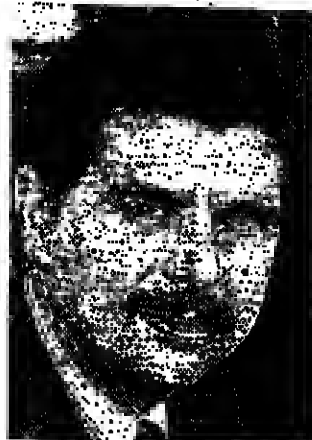
He will replace Mr Harold Poling, 67, who will retire at the end of the year.

Mr Trotman has emerged as the favoured candidate in recent months to lead Ford in preference to the earlier front-runner Mr Allan Gilmore, who remains as one of two vice-chairmen.

Mr Trotman, 60, has moved rapidly through the senior ranks of Ford since serving as president and then chairman of Ford of Europe in the second half of the 1980s.

In 1989 he moved back to the US to become executive vice-president of Ford's North American automotive operations, and was appointed president and chief operating officer of Ford Automotive Group in January.

Born in Middlesex, UK, and educated in Edinburgh, Mr Trotman joined Ford as a student trainee in the purchasing



Alex Trotman joined Ford as student trainee in 1955

department of Ford of Britain in 1955, following service as a flying officer-navigator in the Royal Air Force.

Much of his career at Ford has been spent in product planning. He became director of Ford of Europe's car product planning office in 1987. He moved to the US in 1989 and was appointed chief car planning manager for Ford in North America in 1975, the year in which he became a US citizen.

In the early 1980s he also served for a period as president of Ford Asia-Pacific, before becoming president of Ford of Europe in 1984.

With the retirement of Mr Poling, Ford will lose one of the leading figures of the US auto industry, who has emerged in recent years as one of the most outspoken champions of tougher action by the US government to reduce the large Japanese automotive trade surplus with the US.

After two years of heavy losses, Ford returned to profit in the first half of 1993 and has gained significant market share, partly at the expense of its bigger domestic rival, General Motors.

MacMillan Bloedel, the Canadian forest products group, will maintain its interest in KNP BT, a Netherlands fine paper and packaging firm, by taking its share of a KNP rights issue for C\$64m, writes Robert Gibbons in Montreal.

MacMillan owns 17 per cent of the enlarged KNP, which is making a rights offer to bolster its balance sheet. MacMillan will buy 255m new KNP shares.

Minorco buys 4% of Metall Mining

By Bernard Simon in Toronto

MINORCO, the offshore investment arm of South Africa's Anglo American Corporation, is to tighten its mining links with Metallgesellschaft by taking a small stake in the German metal group's fast-growing international mining subsidiary.

Minorco has agreed to buy 3.1m shares, equal to a 4 per cent stake, in Toronto-based Metall Mining, in which Metallgesellschaft has a 68 per cent interest. The deal is worth about C\$31m (US\$23.2m) at current market prices.

Dr Heinz Schimmelbusch, Metallgesellschaft chairman, yesterday expressed the hope that the deal would be the first step towards a long-term alliance between the two groups.

Dr Schimmelbusch said that he viewed Minorco's involvement in Metall as an opportunity for future co-operation. We interpret it as a sign that the friendly ties have established contact, and that they intend to keep fending off common enemies," he said.

Each company will have a window on the other's projects through the planned appointment of Mr Hank Slack, Minorco's president, to Metall's board. Minorco and Metallgesellschaft are partners in the Navchab open-pit gold mine in Namibia, and have indirect links in other international mining ventures.

Metall last week announced plans to shift its gold mining assets into a new privately-owned company, to be owned jointly with Australia's Poseidon Gold, in which Minorco is an indirect shareholder.

Minorco has narrowed its focus on natural resource investments. Under a restructuring announced last month, it is taking control of Anglo American's non-diamond investments outside Africa - notably Anglo's unquoted mining investments in South America.

Metall expanded its copper interests last month by acquiring Metallgesellschaft's European copper smelting assets. But low copper prices led the Canadian company to put off plans to acquire a C\$170m public share issue, which would have helped finance the purchase.

Metall issued 15.9m shares to Metallgesellschaft in exchange for the copper assets, raising the German company's stake to 68 per cent from 60.5 per cent.

Congress holds key to Telebras sale

Privatisation hinges on abolition of monopoly, writes Bill Hinchberger

FOREIGN investors have played a central role in making Telebras, Brazil's state-owned telecommunications holding company, the flag ship of the São Paulo stock exchange.

They will be keenly watching the expected Congressional debate over whether to abolish the state's constitutionally-guaranteed monopoly over the sector - an essential first step towards privatisation.

Telebras often accounts for more than half the trading on the São Paulo stock market, whose market capitalisation last month topped \$100bn for the first time. The government owns more than 50 per cent of voting shares, which make up one-third of total capital. Mr Stephen Rose, of London stock-brokers Stephen Rose and Partners, says 24 per cent of the company is held by the government and more than a quarter by foreign investors.

The debate over the state monopoly - part of the constitutional revision process beginning tomorrow - will take place in a climate of uncertainty for Telebras. A scandal revolving around an alleged extortion attempt by the company's former finance director prompted the board to suspend operations. A \$10bn Eurobond was cancelled, while a planned

\$150m Eurobond and a share offering of up to \$500m in American depositary receipts (ADRs) were put on hold.

Some analysts now expect that the group's ambitious \$3.5bn investment programme for 1993 will have to be slowed as cash flow is channelled into paying 1992 dividends.

A survey by the Brazilian Institute of Political Studies suggests that the elimination of the monopoly might be an uphill battle. In the Chamber of Deputies, the lower house, 45 per cent of legislators questioned said it was "extremely" or "very" important for the government to operate directly in telecommunications, compared with 35 per cent who said it was "not very necessary" or "unnecessary".

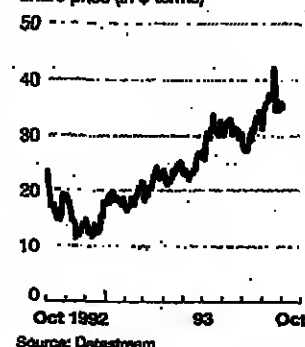
"Except for cellular telephones, the sector will probably remain a state monopoly... this being a strategic sector," predicted Mr Humberto Lucena, president of the Senate.

Pro-privatisation forces have not lost hope, however. "It will be a difficult fight, but there are already groups in Congress working on this," said Mr Renato Johnson, a leading advocate of privatisation.

Those in favour of privatisation may be aided by the bribery scandal. A Salomon Brothers report predicted that

Telebras.

Share price (in \$ terms)



Source: Datastream

would be held down in order to fight inflation. This was reflected in Telebras' recent results, which showed net profits of US\$1.2bn for the first eight months of the year compared with \$431m in the same 1992 period.

However, the tumult could hurt investment plans. Until the recent suspensions of its planned operations, Telebras had successfully tapped capital markets. "We'll easily pass our investment goal of \$3.5bn this year," the company predicted in August, adding that it was also ahead of its target for the installation of new lines.

The proposed ADR offering was part of Telebras' search to fund investments to increase the number of telephone lines to 11.7m from 10.5m by the end of this year, with a goal of 15m by 1995. Brazil has 6.8 lines per 100 inhabitants, lagging Argentina (11.8) and Uruguay (13.9).

If there is any slowdown in investment for 1993, analysts say, it will only be evident during the final months of the year, as dividend outlays and suspended capital market operations take their toll.

Meanwhile, the closure of access to new finance is strengthening the arguments of those who favour privatisation. "We have to recognise that the state doesn't have the resources," said Mr Johnson.

S&P upgrades Chrysler's debt

By Karen Zagor in New York

CHRYSLER, the US carmaker, yesterday had its debt rating upgraded to investment grade from speculative by Standard & Poor's, the US credit rating agency.

The move was foreshadowed in June, when S&P placed Chrysler's double B plus senior debt rating on creditwatch with positive implications.

Yesterday, S&P raised its rating on Chrysler and its credit arm, Chrysler Financial Corporation, to triple B.

The company had about \$12.8bn in outstanding debt at the end of June.

S&P's action completes Chrysler's goal of cutting its borrowing costs. Moody's Investors Service last month lifted Chrysler's debt rating to investment grade.

The higher grade allows Chrysler access to a broader investor base. It is particularly important for Chrysler Financial Corp, which borrows frequently in the bond markets.

Chrysler has staged a dramatic financial recovery in recent years. S&P praised the company's well-designed and fortuitously-timed new products, in addition to its improved operating efficiency. "Management continues to

demonstrate a conservative financial policy, lending confidence that the surplus cash generated in coming years will be used to further increase cash reserves and reduce debt, putting the company in a much better position to weather the next downturn," the agency said.

However, S&P noted that Chrysler has a relatively thin product line and depends on a fiercely competitive market in North America. As a result, Chrysler's fortunes are expected to continue to fluctuate widely, "limiting the potential for additional rating upgrades," S&P said.

Mexican cornflour producer sold

By Damian Fraser in Mexico City

THE Mexican government has sold Maiz Industrializado Conasupo (Miconsa), the country's second-largest cornflour producer, for \$140m to an investor group headed by Mr Raymond Gomez Flores, a prominent Guadalajara businessman.

Miconsa has about 26 per cent of the cornflour market,

behind Maseca, the market leader. Mexicans make about a third of their tortillas, part of the country's staple diet, with processed cornflour and the remainder using traditional methods. Analysts estimate the majority of tortillas will soon be made with processed cornflour, which is cheaper than traditional methods.

The winning group bid about 7 per cent more than its nearest rival, an investor group led

by Mexico's biggest bread producer, Bimbo.

Mr Gomez Flores recently failed in a bid for Asesex, the Mexican state insurance company privatised last month. He controls Banca Creml, a bank that is to merge with Banco Union, and Dina, the truck company listed on the New York Stock Exchange. Mr Gomez Flores also has a significant stake in the fruit company Del Monte Fresh Produce.



All of the securities having been sold, this announcement appears as a matter of record only.

9,470,250 Shares

Barnes & Noble Inc.
Booksellers Since 1873

Common Stock

7,823,250 Shares

This portion of the offering was offered in the United States and Canada by the undersigned.

MORGAN STANLEY & CO.

DONALDSON, LUFKIN & JENRETTE

Securities Corporation

PAINWEBBER INCORPORATED

BEAR, STEARNS & CO. INC.

CS FIRST BOSTON

ALEX. BROWN & SONS

DILLON, READ & CO. INC.

A.G. EDWARDS & SONS, INC.

GOLDMAN, SACHS & CO.

LEHMAN BROTHERS

MONTGOMERY SECURITIES

OPPENHEIMER & CO., INC.

PRUDENTIAL SECURITIES INCORPORATED

ROBERTSON, STEPHENS & COMPANY

SALOMON BROTHERS INC

SMITH BARNEY SHEARSON INC.

DEAN WITTER REYNOLDS INC.

SANFORD C. BERNSTEIN & CO., INC.

WILLIAM BLAIR & COMPANY

COWEN & COMPANY

C.J. LAWRENCE INC.

McDONALD & COMPANY

PIPER JAFFRAY INC.

THE ROBINSON-HUMPHREY COMPANY, INC.

WHEAT FIRST BUTCHER & SINGER

ARNHOLD AND S. BLEICHROEDER, INC.

CROWELL, WEEDON & CO.

FAHNESTOCK & CO. INC.

FIRST EQUITY CORPORATION

FIRST OF MICHIGAN CORPORATION

INTERSTATE JOHNSON LANE

JANNEY MONTGOMERY SCOTT INC.

PARKER/HUNTER

RAGEN MCKENZIE

RAYMOND JAMES & ASSOCIATES, INC.

1,647,000 Shares

This portion of the offering was offered outside the United States and Canada by the undersigned.

MORGAN STANLEY INTERNATIONAL

DONALDSON, LUFKIN & JENRETTE

Securities Corporation

PAINWEBBER INTERNATIONAL

ABN AMRO BANK N.V.

COMMERZBANK AKTIENGESELLSCHAFT

CREDIT LYONNAIS SECURITIES

INTERNATIONALE NEDERLANDEN BANK N.V.

SWISS BANK CORPORATION

S.G. WARBURG SECURITIES

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

September 1993

This advertisement is published in accordance with the requirements of the London Stock Exchange. It does not constitute an invitation to the public to subscribe for or to purchase any securities of Carlton Communications Plc ("Carlton").

CARLTON

Carlton Communications Plc
(Incorporated with limited liability in England
Registered No. 345312)

Issue of
up to US\$172,500,000
Exchangeable Capital Securities
of US\$25 each

Application has been made to the London Stock Exchange for the above Exchangeable Capital Securities of Carlton to be admitted to the Official List.

Listing Particulars relating to the above Exchangeable Capital Securities are available for collection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice up to and including 7 October, 1993 from the Company's Announcements Office of the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2C 1JF (for collection only) and from the date of this notice up to and including 19 October, 1993 from Carlton Communications Plc, 15 St. George Street, Hanover Square, London W1R 9DE.

The paying agents for the Exchangeable Capital Securities in the United Kingdom are:
Morgan Guaranty Trust Co. of New York,
60 Victoria Embankment,
London EC4Y 0JF

Carlton & Co.
12 Tottenham Yard
London EC2R 7AN

Lothbury Funding No. 1 PLC
£144,000,000 Class A1 Notes £150,000,000 Class A2 Notes £6,000,000 Class B Notes
Mortgage Backed Floating Rate Notes due 2031

In accordance with the provisions of the Notes, notice is hereby given that for the three month period October 1, 1993 to January 10, 1994, the Class A1 Notes, Class A2 Notes and Class B Notes will carry an interest rate of 6.20%, 6.40% and 7.20% per annum respectively. The interest payable per £100,000 Note will be £1,715.61 for the Class A1 Notes, £1,770.96 for the Class A2 Notes and £1,992.13 for the Class B Notes.

NATWEST CAPITAL MARKETS
NatWest Markets

£150,000,000
HALIFAX
BUILDING SOCIETY
Floating Rate Loan Notes
Due 1995 (Series A)

£150,000,000
HALIFAX
BUILDING SOCIETY
Floating Rate Loan Notes
Due 1995 (Series B)

This advertisement is published in accordance with the requirements of the London Stock Exchange. It does not constitute an invitation to the public to subscribe for or to purchase any securities of Midland Bank plc ("Bank").

MIDLAND BANK plc

(Incorporated with limited liability in England and Wales
Registration No. 14229)

Issue of
up to 11,500,000 Non-cumulative
Dollar Preference Shares,
Series A1, of US\$0.01 each
and
up to 11,500,000 Non-cumulative, Non-voting
Dollar Preference Shares,
Series A2, of US\$0.01 each

Application has been made to the London Stock Exchange for the above Dollar Preference Shares of the Bank to be admitted to the Official List.

Listing Particulars relating to the above Dollar Preference Shares are available for collection during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 7 October, 1993 from the Company's Announcements Office of the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2C 1JF (for collection only) and up to and including 19 October, 1993 from Midland Bank plc, 27/32 Fenchurch Lane, London EC3R 2BN.

5 October, 1993

Cazenove & Co.

GENCOR LIMITED
("GENCOR")
(Incorporated in the Republic of South Africa
Registration Number 010/22206)
Formerly General Mining Union Corporation Limited

Coupon Number 143
HOLDERS OF SHARE WARRANTS TO BEARER are advised that with regard to the unbundling of Gencor in terms of Section 60 of the South African Income Tax Act 1993, by the distribution to its ordinary shareholders of certain of its non-mining interests, the necessary Listing and Application Forms with which to apply for the unbundling consideration will be available as from Friday 15 October 1993 at:

Gencor (U.K.) Limited, 20 Ely Place, London, EC1N 6UA
- Swiss Bank Corporation, 1 Aachenstrasse, 4002 Basle
- Credit Suisse, Paradeplatz 8, (Postfach 500), 8021 Zurich
- Union Bank of Switzerland, Bahnhofstrasse 45, P.O. Box 645, CH-8021 Zurich
- Credit du Nord, Services aux Emetteurs des Titres, 34 rue des Mathurins, 75006 Paris

Holders of Share Warrants to Bearer are reminded that copies of the Circular to Shareholders dated 9 August 1993 are also available from the above addresses.

HOLDERS OF SHARE WARRANTS TO BEARER ARE AGAIN REMINDED THAT THURSDAY, 7 OCTOBER 1993 IS THE LAST DAY TO LODGE RECONVERSION APPLICATIONS WITH GENCOR (U.K.) LIMITED IN ORDER TO BE ABLE TO PARTICIPATE IN THE SANKORP FACILITY.

per pro Gencor (U.K.) Limited
London Secretaries
M Taylor

5 October 1993

INTERNATIONAL COMPANIES AND FINANCE

Merged hospital chain to expand

THE NEW US hospital chain formed through the takeover of Hospital Corporation of America by Columbia Healthcare will acquire 10 to 20 hospitals per year, according to Mr Richard Scott, chairman of Columbia, Reuter reports from New York.

Mr Scott told an analysts meeting that the enlarged company, to be called Columbia/HCA Healthcare Corporation, will also acquire at least 10 to 20 outpatient clinics per year.

He estimated that the new hospital chain, which will combine the two biggest US hospital groups after the \$5.6bn takeover, will spend about \$400m per year on acquisitions.

Mr Scott said Columbia/HCA will focus on acquisitions of individual hospitals in locations in which the two chains currently operate. "That's where we get our biggest returns," he said.

"I think it will mostly be individual acquisitions," Mr Scott said, noting that Columbia is in the process of buying a hospital in Independence, Missouri and is working on acquiring two more hospitals there and a third in Chicago.

He said the merged hospital chain is likely to purchase some tax-exempt hospital systems.

Mr Scott also reiterated that the takeover - announced on Sunday - is expected to result in cost savings of \$75m in 1994 and \$130m by 1995.

He said reduced costs will boost earnings of the new entity by at least \$0.10 per share. There will be no dilution to earnings from the merger.

Mr Scott said Columbia hoped to receive approval for the merger from the SEC by late November and to close the transaction by the end of the year. He said the two companies do not foresee any anti-trust problems.

The merger is the most significant sign so far of consolidation in the US healthcare industry prompted by the Clinton reform plans and by market pressures for lower medical costs.

Learning how to work when the sun goes down

Michio Nakamota in Tokyo finds out what measures Japanese companies are taking as they try to combat recession

JAPANESE companies are generally loath to admit unexpected turns of event. But at the mid-way point of the fiscal year, investors are bracing themselves for a number of nasty surprises.

As companies assess business activity in the first half - ended September - they are being forced to downgrade their earnings expectations which, more often than not, have turned out to have been on the optimistic side.

Last week Mazda, the car maker, and Matsushita, the consumer electronics group, joined a growing list of companies deeply troubled by the weakness of the Japanese economy and having second thoughts about the outlook for earnings as a result.

Mazda said its losses this year would be ¥22bn, more than 2½ times its initial forecasts. Matsushita predicted its profits would be ¥63bn, 35 per cent lower than last year - it originally thought they would be 3 per cent up at ¥100bn.

Both companies blamed the further weakening of the Japanese economy and the rapid appreciation of the yen. "The situation has made it difficult for us to achieve our target for

the first half," a Matsushita representative said. "We expect the slowdown to be prolonged."

When Japanese companies made their initial earnings forecasts for the year, there were still hopes that government measures to stimulate the economy would trigger a recovery in domestic demand later in the year.

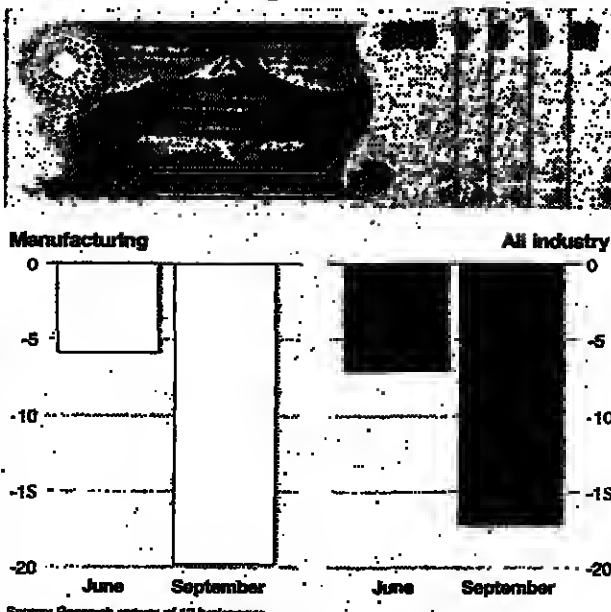
In June, the Economic Planning Agency even announced that the economy had bottomed out.

The summer months, however, were to prove those early hopes of a revival not only premature, but over-optimistic; things were set to get worse.

The pick-up in domestic demand failed to materialise. Both personal consumption and capital spending by companies continued to sag. Department store sales in Tokyo dropped 6.6 per cent in the year to August, and private-sector machinery orders fell almost 12 per cent in July.

Japanese consumers, feeling the effects of the economic slowdown through smaller summer bonuses and worried about possible redundancy, decided they could not afford

Revision of earnings forecasts for 1993-94



Source: Research reports of 72 companies

to replace cars or stereo sets. The gloom was aggravated by an unusually cold summer, which had a debilitating effect on personal consumption.

Meanwhile, the government stimulus failed to have much of an impact. A government

electronics maker, when it reduced its forecast of annual profits from ¥30bn to ¥30bn.

This weakness in domestic demand has been coupled with an unexpected surge in the yen's value against the dollar, which has been little short of disastrous for many Japanese manufacturers. Since the beginning of the fiscal year the yen has risen about 6 per cent, wiping billions of yen off overseas earnings.

Mazda said the yen's rise would reduce revenues by ¥5bn, while Matsushita noted that the impact of the yen's appreciation against major currencies would amount to a loss in annual revenues of ¥12bn.

While the strength of the currency was expected to depress profits at the start of the fiscal year, companies recognise that the impact is likely to be even greater in the second half, not only because the yen has continued to strengthen but also because their ability to hedge dollar earnings will be significantly reduced.

Japanese executives stress the strenuous efforts they are making to respond to the bleak conditions. Manufacturing

costs are being slashed, capital spending is being curtailed and R&D investment is being trimmed to save the last yen.

Restructuring has become the latest catchphrase and corporate priorities are being reassessed as never before. Debates are aled in public over the need for higher productivity, particularly among white collar workers.

In a reversal of conventional Japanese corporate wisdom, it is becoming increasingly acceptable to talk of the greater importance of profitability over market share.

"It is a perfect time for management to carry out these ideas," said Mr Yoichi Morishita, president of Matsushita.

But in spite of these efforts, as a beleaguered Mazda executive explained last week, it has been difficult to deal quickly enough with the deterioration in the Japanese economy and the speed of the yen's rise.

As companies wait for the effects of restructuring measures to come through, the growing consensus is that Japanese corporate earnings will this year fall for the fourth consecutive year, and recovery will be delayed until well into 1994.

Before recovery comes, however, it is likely to be preceded by still more nasty surprises.

On top of further pain caused by the strong yen, it is increasingly likely that further job cuts will have to be made.

So far, Japanese companies have been averse to meeting the decline in business activity through big staff cuts. Life-time employment is a commitment they have been unwilling to sacrifice. On the whole, the most that has been done is to implement voluntary retirement schemes and suppress recruitment.

"Corporations are continuing to act as an unofficial social security system," said Mr Peter Tasker, strategist at Kleinwort Benson. Mr Tasker noted that personnel costs continued to rise in the second quarter by 4.3 per cent year on year.

He said: "It is hard to see how corporate restructuring can take place without a significant labour market adjustment."

If that happens, however, Japanese companies will once again have to admit to a disturbing and unexpected turn of events.

Japanese retailer takes a surprise gamble on China

China, amid an austerity programme and resurgent political uncertainty, is reckoned by Kazuo Wada to offer the ultimate in risk and reward. Simon Davies reports

IN 1989, Mr Kazuo Wada made an unusual move for a Japanese businessman. He moved the headquarters of his Yaohan retailing group from Nishiazabu in Japan to Hong Kong.

At that time, Hong Kong was struggling to come to terms with the political implications of the Tiananmen Square massacre, property was cheap and influential friends were easily made. Hong Kong was to prove a springboard for Mr Wada's growing ambitions in China.

Later this month his timing will face a similar test, as he attempts to sell this story to investors by listing his holding company, Yaohan International, on the Hong Kong stock market amid a Chinese economic austerity programme and a resurgence of political uncertainty.

In 1990, Yaohan had three department stores in Hong Kong; it now controls seven stores, three listed companies, and chains of restaurants, cake stores, games centres, leather boutiques and home appliance stores. By the end of 1994, Mr Wada says he will control eight stock market-listed companies in Hong Kong.

But in spite of this spate of activity in Hong Kong, China has remained Mr Wada's great rallying cry. The 21st Century will be the era of China, he claims, and he plans to get in early, opening 1,000 supermarkets in the still-backward nation by the year 2010.

Mr Wada said: "China is now

where Japan was thirty years ago. Japan will still be a big market for Yaohan, but they already have a lot of merchandise."

"Yaohan has more potential in China, where people have nothing."

China remains a controversial choice. Other retailers have seen turnover slide in the face of Chinese vice premier Zhu Rongji's moves to curb speculation and excessive growth in consumer spending.

As one analyst said: "You see a lot of people walking around Beijing department stores, but you don't see them buying anything."

But Mr Wada disputes this view. Yaohan manages a department store in Beijing, which claims to have seen steady growth in sales since it opened earlier this year.

Yaohan clearly understands one of the keys to business in China. It has built up connections with substantial Chinese corporations, including China International Trust and Investment Corporation (CITIC) and China Venture Investment Corporation (CVIC). CITIC's Australian subsidiary recently purchased 10 per cent of Yaohan International, while CVIC has a 5 per cent stake.

CVIC owns the company's Beijing store, and Yaohan has also formed a joint venture

with China's largest department store operator, Shanghai Number One department store to construct what will be Asia's largest department store.

Yaohan has a 51 per cent stake in the project, which will cost US\$100m and will create a store with a sales area of 122,000 sq metres, equivalent to Harrods in London or Macy's in New York.

When Mr Wada announced the deal in 1991, he said it would mark "the beginning of the era of China". But in a country that in 1992 had gross national product of US\$365 a head, compared with more than US\$1,800 in neighbouring Thailand, it is hard to imagine

that China is ready for such an ambitious project.

But China has substantial hidden resources and an extremely high savings rate, so disposable income is already significantly higher than the statistics suggest. Mr Wada is planning for the long term.

He intends to build Yaohan's presence primarily through "International Merchandise Marts".

These will circumvent China's inefficient wholesale system by acting as distribution centres for numerous Yaohan franchise stores, which would be primarily owned by local Chinese government.

However, no meaningful contribution is expected from China until 1997.

The flotation of Yaohan International will be sold to investors as a pan-Asian retailer that has skirted the Japanese recession, using strong yen to move successfully into the broader South East Asian marketplace.

But the underlying strategy for the flotation is to raise its profile and roughly HK\$600m (US\$77.6m) in capital to aid a push into China, which is would include vast chains of department stores, fast-food restaurants and cake shops.

As the largest and least developed of the world's consumer markets, China is both the ultimate risk and reward for retailers.

Mr Wada, for one, is confident that investors will accept the challenge.

ROBERTSON STEPHENS & COMPANY

is pleased to announce its first

INTERNATIONAL CONFERENCE



London
November 1, 1993

Edinburgh
November 3, 1993

Paris
November 4, 1993

Geneva
November 5, 1993

Presented by RS & Co.'s International Sales and Research Teams, the Conference will showcase investment perspectives on a select group of public and private* emerging growth companies.

For additional information, please call Michael Joly or Gibbs Moody at 0800-89-2925.

ROBERTSON STEPHENS & COMPANY

*Companies will be present in London November 1.

There is a limited amount of exhibition space available at the conference

FINANCIAL TIMES CONFERENCES

THE PETROCHEMICAL INDUSTRY - Global Prospects Beyond the Recession

London, 22 & 23 November 1993

This year's conference - the fifth in a well received series - will examine the challenges currently facing petrochemical producers and consider the longer-term outlook for the industry. An authoritative panel of speakers will discuss pricing, restructuring and financing and review developments in a number of key markets.

Speakers will include:

Mr Robert D Kennedy
Chairman & Chief Executive Officer
Union Carbide Corporation

Dr Marcello Colitti
Chairman, Enichen SpA

Mr Paul du P Kruger
Managing Director & Chief Executive Officer
Sasol Limited

Dr Hans van Doesburg
Vice President, Booz Allen & Hamilton

Dr Naji Amin Atalla
Director, Projects Department
Gulf Organisation for Industrial Consulting

Mr Edward A Wilson
Vice President, Strategic Planning
Dow Europe SA

Mr Alejandro Achaval
Vice Chairman & Chief Executive Officer
Ipako SA

Mr Peter Young
Senior Vice President & Head of Chemical Industry Investment Banking
Lehman Brothers

Mr Clive H Thompson
Vice President, Operations & Supply ARCO
Chemical Europe, Inc

Mr Makoto Tekeda
General Manager, Planning and Development
Department Martech, Inc

A FINANCIAL TIMES CONFERENCE
in association with
CHEMICAL MATTERS

THE PETROCHEMICAL INDUSTRY - Global Prospects Beyond the Recession

Financial Times Conference Organisation
102-108 Clerkenwell Road, London EC1M 6AA
Tel: 071-814 9770. Tlx: 27347 FTCONF G.
Fax: 071-873 3975 or 071-873 3969

☐ Please send me conference details
☐ Please send me details about marketing opportunities

Name Mr/Ms/Ms/Other _____
Position _____ Dept _____
Company/Organisation _____
Address _____
Post Code _____ City _____
Tel _____ Country _____
Type of Business _____ Tlx _____ Fax _____

FT FINANCIAL TIMES CONFERENCES

HA

Report examines ways to reduce settlement risk

BENCHMARK GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS						
	Real Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA	8,500 09/03	120,950.4	-0.013	6.81	6.80	6.79
BELGIUM	8,000 03/03	111,250.0	-0.503	7.09	7.05	7.03
CANADA *	7,500 12/30	103,950.0	+0.300	5.96	5.81	5.79
DENMARK	8,000 05/05	106,225.0	-0.385	6.86	6.70	6.67
FRANCE	6,750 11/08	100,750.7	-0.044	5.57	5.53	5.54
GERMANY	8,000 05/05	105,170.0	-0.040	5.94	5.88	5.88
GERMANY	5,750 07/07	102,945.0	-0.109	6.08	6.01	6.01
ITALY	10,000 05/03	106,985.0	+0.320	9.22	9.44	9.17
JAPAN	4,800 06/09	107,825.3	+0.023	3.27	3.37	3.33
UK No 110	4,500 05/05	104,828.7	+0.111	5.81	5.85	5.84
UK No 157	4,000 05/05	104,828.7	+0.111	5.81	5.85	5.84
NETHERLANDS	7,500 05/05	106,000.0	-0.160	5.97	5.97	5.93
SPAIN	10,000 06/03	111,650.0	-0.150	8.05	8.14	8.04
UK GILTS	7,250 05/05	106,241	+0.592	6.30	6.28	6.18
	8,000 05/03	107,227	+0.732	6.87	6.98	6.80
	8,000 10/04	106,000	-0.722	7.25	7.21	7.15
US TREASURY *	5,750 05/03	105,108	-0.082	5.82	5.84	5.74
	6,250 08/03	105,022	-0.159	5.98	5.90	5.84
ECU (French Govt)	8,000 04/03	108,900.0	+0.060	8.70	8.98	8.64

London listing, * denotes New York morning listing * refers to market standard

1 Gross annual yield (coupon without tax) at 12.5 per cent payable by non-residents

Source: *Financial Times* Technical: *COMPUFIN* Price: *Source: Reuters*

up $\frac{1}{2}$ at 103 $\frac{1}{2}$, yielding 5.935 per cent. At the short end of the market, the two-year note was up $\frac{1}{2}$ at 100 $\frac{1}{2}$, to yield 3.805 per cent.

The news from Moscow set the scene for early gains in Treasuries. Traditionally, US government securities are seen as a safe haven for investors worried about political crises in major world powers.

Yet the benefits for the Treasury market yesterday were relatively modest.

This was partly because by the time New York had trading started the worst of the crisis appeared to be over, and partly because both the Japanese and European markets had reacted relatively calmly to the events, judging that the repercussions from the unrest would be mostly contained within Russia's borders.

NEW INTERNATIONAL BOND ISSUES

(a)	100	Oct.2003		Carman Brothers Int.
(b)	100	Oct.1998	undcl.	J.P. Morgan Securities
(c)	(c)	Sep.1998	undcl.	Kidder Peabody Int.
(d)	(d)	Sep.2000	undcl.	Kidder Peabody Int.
0.25	98.53R	Nov.2006	0.35R	
0.45	100.00R	Oct.2003	0.32BR	+18 (8) CCF
				+35 (5%-03) CCF
(f)	99.075R	Nov.2003	0.50R	- Merrill Lynch Wood Gundy
(g)	91.5R	Oct.1998	0.5R	Lehman Brothers Int.

(f)	81.50	Oct.1996	2.00	-	Western Pacific Bank
7.25	101.55	Nov.1998	2.00	-	Hambros Bank
(g)	100R	Nov.1998	0.25R	-	Morgan Stanley Asia

zoil's 10-year \$250m offer appealed to investors seeking defensible holdings. The issue is callable after five years, giving it a yield of 8.75% based on the current market price of \$96.50. The coupon payment dates are 2/29/95, 5/29/95, 8/29/95, 11/29/95, 2/29/96, 5/29/96, 8/29/96, 11/29/96, 2/29/97, 5/29/97, 8/29/97, 11/29/97, 2/29/98, 5/29/98, 8/29/98, 11/29/98, 2/29/99, 5/29/99, 8/29/99, 11/29/99, 2/29/00, 5/29/00, 8/29/00, 11/29/00, 2/29/01, 5/29/01, 8/29/01, 11/29/01, 2/29/02, 5/29/02, 8/29/02, 11/29/02, 2/29/03, 5/29/03, 8/29/03, 11/29/03, 2/29/04, 5/29/04, 8/29/04, 11/29/04, 2/29/05, 5/29/05, 8/29/05, 11/29/05, 2/29/06, 5/29/06, 8/29/06, 11/29/06, 2/29/07, 5/29/07, 8/29/07, 11/29/07, 2/29/08, 5/29/08, 8/29/08, 11/29/08, 2/29/09, 5/29/09, 8/29/09, 11/29/09, 2/29/10, 5/29/10, 8/29/10, 11/29/10, 2/29/11, 5/29/11, 8/29/11, 11/29/11, 2/29/12, 5/29/12, 8/29/12, 11/29/12, 2/29/13, 5/29/13, 8/29/13, 11/29/13, 2/29/14, 5/29/14, 8/29/14, 11/29/14, 2/29/15, 5/29/15, 8/29/15, 11/29/15, 2/29/16, 5/29/16, 8/29/16, 11/29/16, 2/29/17, 5/29/17, 8/29/17, 11/29/17, 2/29/18, 5/29/18, 8/29/18, 11/29/18, 2/29/19, 5/29/19, 8/29/19, 11/29/19, 2/29/20, 5/29/20, 8/29/20, 11/29/20, 2/29/21, 5/29/21, 8/29/21, 11/29/21, 2/29/22, 5/29/22, 8/29/22, 11/29/22, 2/29/23, 5/29/23, 8/29/23, 11/29/23, 2/29/24, 5/29/24, 8/29/24, 11/29/24, 2/29/25, 5/29/25, 8/29/25, 11/29/25, 2/29/26, 5/29/26, 8/29/26, 11/29/26, 2/29/27, 5/29/27, 8/29/27, 11/29/27, 2/29/28, 5/29/28, 8/29/28, 11/29/28, 2/29/29, 5/29/29, 8/29/29, 11/29/29, 2/29/30, 5/29/30, 8/29/30, 11/29/30, 2/29/31, 5/29/31, 8/29/31, 11/29/31, 2/29/32, 5/29/32, 8/29/32, 11/29/32, 2/29/33, 5/29/33, 8/29/33, 11/29/33, 2/29/34, 5/29/34, 8/29/34, 11/29/34, 2/29/35, 5/29/35, 8/29/35, 11/29/35, 2/29/36, 5/29/36, 8/29/36, 11/29/36, 2/29/37, 5/29/37, 8/29/37, 11/29/37, 2/29/38, 5/29/38, 8/29/38, 11/29/38, 2/29/39, 5/29/39, 8/29/39, 11/29/39, 2/29/40, 5/29/40, 8/29/40, 11/29/40, 2/29/41, 5/29/41, 8/29/41, 11/29/41, 2/29/42, 5/29/42, 8/29/42, 11/29/42, 2/29/43, 5/29/43, 8/29/43, 11/29/43, 2/29/44, 5/29/44, 8/29/44, 11/29/44, 2/29/45, 5/29/45, 8/29/45, 11/29/45, 2/29/46, 5/29/46, 8/29/46, 11/29/46, 2/29/47, 5/29/47, 8/29/47, 11/29/47, 2/29/48, 5/29/48, 8/29/48, 11/29/48, 2/29/49, 5/29/49, 8/29/49, 11/29/49, 2/29/50, 5/29/50, 8/29/50, 11/29/50, 2/29/51, 5/29/51, 8/29/51, 11/29/51, 2/29/52, 5/29/52, 8/29/52, 11/29/52, 2/29/53, 5/29/53, 8/29/53, 11/29/53, 2/29/54, 5/29/54, 8/29/54, 11/29/54, 2/29/55, 5/29/55, 8/29/55, 11/29/55, 2/29/56, 5/29/56, 8/29/56, 11/29/56, 2/29/57, 5/29/57, 8/29/57, 11/29/57, 2/29/58, 5/29/58, 8/29/58, 11/29/58, 2/29/59, 5/29/59, 8/29/59, 11/29/59, 2/29/60, 5/29/60, 8/29/60, 11/29/60, 2/29/61, 5/29/61, 8/29/61, 11/29/61, 2/29/62, 5/29/62, 8/29/62, 11/29/62, 2/29/63, 5/29/63, 8/29/63, 11/29/63, 2/29/64, 5/29/64, 8/29/64, 11/29/64, 2/29/65, 5/29/65, 8/29/65, 11/29/65, 2/29/66, 5/29/66, 8/29/66, 11/29/66, 2/29/67, 5/29/67, 8/29/67, 11/29/67, 2/29/68, 5/29/68, 8/29/68, 11/29/68, 2/29/69, 5/29/69, 8/29/69, 11/29/69, 2/29/70, 5/29/70, 8/29/70, 11/29/70, 2/29/71, 5/29/71, 8/29/71, 11/29/71, 2/29/72, 5/29/72, 8/29/72, 11/29/72, 2/29/73, 5/29/73, 8/29/73, 11/29/73, 2/29/74, 5/29/74, 8/29/74, 11/29/74, 2/29/75, 5/29/75, 8/29/75, 11/29/75, 2/29/76, 5/29/76, 8/29/76, 11/29/76, 2/29/77, 5/29/77, 8/29/77, 11/29/77, 2/29/78, 5/29/78, 8/29/78, 11/29/78, 2/29/79, 5/29/79, 8/29/79, 11/29/79, 2/29/80, 5/29/80, 8/29/80, 11/29/80, 2/29/81, 5/29/81, 8/29/81, 11/29/81, 2/29/82, 5/29/82, 8/29/82, 11/29/82, 2/29/83, 5/29/83, 8/29/83, 11/29/83, 2/29/84, 5/29/84, 8/29/84, 11/29/84, 2/29/85, 5/29/85, 8/29/85, 11/29/85, 2/29/86, 5/29/86, 8/29/86, 11/29/86, 2/29/87, 5/29/87, 8/29/87, 11/29/87, 2/29/88, 5/29/88, 8/29/88, 11/29/88, 2/29/89, 5/29/89, 8/29/89, 11/29/89, 2/29/90, 5/29/90, 8/29/90, 11/29/90, 2/29/91, 5/29/91, 8/29/91, 11/29/91, 2/29/92, 5/29/92, 8/29/92, 11/29/92, 2/29/93, 5/29/93, 8/29/93, 11/29/93, 2/29/94, 5/29/94, 8/29/94, 11/29/94, 2/29/95, 5/29/95, 8/29/95, 11/29/95, 2/29/96, 5/29/96, 8/29/96, 11/29/96, 2/29/97, 5/29/97, 8/29/97, 11/29/97, 2/29/98, 5/29/98, 8/29/98, 11/29/98, 2/29/99, 5/29/99, 8/29/99, 11/29/99, 2/29/00, 5/29/00, 8/29/00, 11/29/00, 2/29/01, 5/29/01, 8/29/01, 11/29/01, 2/29/02, 5/29/02, 8/29/02, 11/29/02, 2/29/03, 5/29/03, 8/29/03, 11/29/

ing investors an exposure to the oil sector and the dollar: count of 81.50 and yield to maturity was 6%-6½ per cent.

MARKET STATISTICS

RISES AND FALLS YESTERDAY

LIFE EQUITY OPTIONS

[illegible]

220	18	24	27½	2	6½	0	
(215)	220	4½	12	16½	0	15½	19

(870)	900	10	25 $\frac{1}{2}$	44	39 $\frac{1}{2}$	52	58
Thomas W.	500	52	55	63 $\frac{1}{2}$	2 $\frac{1}{2}$	7	11 $\frac{1}{2}$

FIVE YEAR INDEX (1987)									
Options	500 145 30	25 32 22 25 31							
CALLS									
4200 Call	420 194 29	34 15 54 26							
4400 Call	460 5 124 173	28 35 15 28							
Armed	45 42 81 8	0 4 5 6 13							
Armed	50 25 35	1 2 3 4 5							
Armed	500 25 35	60 70 5 13 18							
7544	50 25 34	34 25 33 27							
PUTS									
4200 Put	5 14 15 12 15	32 60 9							
4400 Put	127 232 254 51	67 72 101 139 187							
Armed	254 136 157 125 84	71 45 254 104							
Jan 1 282	-	215 -							
October 4 1988	50 25 34	25 32 25 31							
Jan 1 1989	-	85 125							
Jan 1 1990	-	184 -							
October 4 1990	50 25 34	25 32 25 31							
Jan 1 1991	-	85 125							
Jan 1 1992	-	184 -							
October 4 1992	50 25 34	25 32 25 31							
Jan 1 1993	-	85 125							
Jan 1 1994	-	184 -							
October 4 1994	50 25 34	25 32 25 31							
Jan 1 1995	-	85 125							
Jan 1 1996	-	184 -							
October 4 1996	50 25 34	25 32 25 31							
Jan 1 1997	-	85 125							
Jan 1 1998	-	184 -							
October 4 1998	50 25 34	25 32 25 31							
Jan 1 1999	-	85 125							
Jan 1 2000	-	184 -							
October 4 2000	50 25 34	25 32 25 31							
Jan 1 2001	-	85 125							
Jan 1 2002	-	184 -							
October 4 2002	50 25 34	25 32 25 31							
Jan 1 2003	-	85 125							
Jan 1 2004	-	184 -							
October 4 2004	50 25 34	25 32 25 31							
Jan 1 2005	-	85 125							
Jan 1 2006	-	184 -							
October 4 2006	50 25 34	25 32 25 31							
Jan 1 2007	-	85 125							
Jan 1 2008	-	184 -							
October 4 2008	50 25 34	25 32 25 31							
Jan 1 2009	-	85 125							
Jan 1 2010	-	184 -							
October 4 2010	50 25 34	25 32 25 31							
Jan 1 2011	-	85 125							
Jan 1 2012	-	184 -							
October 4 2012	50 25 34	25 32 25 31							
Jan 1 2013	-	85 125							
Jan 1 2014	-	184 -							
October 4 2014	50 25 34	25 32 25 31							
Jan 1 2015	-	85 125							
Jan 1 2016	-	184 -							
October 4 2016	50 25 34	25 32 25 31							
Jan 1 2017	-	85 125							
Jan 1 2018	-	184 -							
October 4 2018	50 25 34	25 32 25 31							
Jan 1 2019	-	85 125							
Jan 1 2020	-	184 -							
October 4 2020	50 25 34	25 32 25 31							
Jan 1 2021	-	85 125							
Jan 1 2022	-	184 -							
October 4 2022	50 25 34	25 32 25 31							
Jan 1 2023	-	85 125							
Jan 1 2024	-	184 -							
October 4 2024	50 25 34	25 32 25 31							
Jan 1 2025	-	85 125							
Jan 1 2026	-	184 -							
October 4 2026	50 25 34	25 32 25 31							
Jan 1 2027	-	85 125							
Jan 1 2028	-	184 -							
October 4 2028	50 25 34	25 32 25 31							
Jan 1 2029	-	85 125							
Jan 1 2030	-	184 -							
October 4 2030	50 25 34	25 32 25 31							
Jan 1 2031	-	85 125							
Jan 1 2032	-	184 -							
October 4 2032	50 25 34	25 32 25 31							
Jan 1 2033	-	85 125							
Jan 1 2034	-	184 -							
October 4 2034	50 25 34	25 32 25 31							
Jan 1 2035	-	85 125							
Jan 1 2036	-	184 -							
October 4 2036	50 25 34	25 32 25 31							
Jan 1 2037	-	85 125							
Jan 1 2038	-	184 -							
October 4 2038	50 25 34	25 32 25 31							
Jan 1 2039	-	85 125							
Jan 1 2040	-	184 -							
October 4 2040	50 25 34	25 32 25 31							
Jan 1 2041	-	85 125							
Jan 1 2042	-	184 -							
October 4 2042	50 25 34	25 32 25 31							
Jan 1 2043	-	85 125							
Jan 1 2044	-	184 -							
October 4 2044	50 25 34	25 32 25 31							
Jan 1 2045	-	85 125							
Jan 1 2046	-	184 -							
October 4 2046	50 25 34	25 32 25 31							
Jan 1 2047	-	85 125							
Jan 1 2048	-	184 -							
October 4 2048	50 25 34	25 32 25 31							
Jan 1 2049	-	85 125							
Jan 1 2050	-	184 -							
October 4 2050	50 25 34	25 32 25 31							
Jan 1 2051	-	85 125							
Jan 1 2052	-	184 -							
October 4 2052	50 25 34	25 32 25 31							
Jan 1 2053	-	85 125							
Jan 1 2054	-	184 -							
October 4 2054	50 25 34	25 32 25 31							
Jan 1 2055	-	85 125							
Jan 1 2056	-	184 -							
October 4 2056	50 25 34	25 32 25 31							
Jan 1 2057	-	85 125							
Jan 1 2058	-	184 -							
October 4 2058	50 25 34	25 32 25 31							
Jan 1 2059	-	85 125							
Jan 1 2060	-	184 -							
October 4 2060	50 25 34	25 32 25 31							
Jan 1 2061	-	85 125							
Jan 1 2062	-	184 -							
October 4 2062	50 25 34	25 32 25 31							
Jan 1 2063	-	85 125							
Jan 1 2064	-	184 -							
October 4 2064	50 25 34	25 32 25 31							
Jan 1 2065	-	85 125							
Jan 1 2066	-	184 -							
October 4 2066	50 25 34	25 32 25 31							
Jan 1 2067	-	85 125							
Jan 1 2068	-	184 -							
October 4 2068	50 25 34	25 32 25 31							
Jan 1 2069	-	85 125							
Jan 1 2070	-	184 -							
October 4 2070	50 25 34	25 32 25 31							
Jan 1 2071	-	85 125							
Jan 1 2072	-	184 -							
October 4 2072	50 25 34	25 32 25 31							
Jan 1 2073	-	85 125							
Jan 1 2074	-	184 -							
October 4 2074	50 25 34	25 32 25 31							
Jan 1 2075	-	85 125							
Jan 1 2076	-	184 -							
October 4 2076	50 25 34	25 32 25 31							
Jan 1 2077	-	85 125							
Jan 1 2078	-	184 -							
October 4 2078	50 25 34	25 32 25 31							
Jan 1 2079	-	85 125							
Jan 1 2080	-	184 -							
October 4 2080	50 25 34	25 32 25 31							
Jan 1 2081	-	85 125							
Jan 1 2082	-	184 -							
October 4 2082	50 25 34	25 32 25 31							
Jan 1 2083	-	85 125							
Jan 1 2084	-	184 -							
October 4 2084	50 25 34	25 32 25 31							
Jan 1 2085	-	85 125							
Jan 1 2086	-	184 -							
October 4 2086	50 25 34	25 32 25 31							
Jan 1 2087	-	85 125							
Jan 1 2088	-	184 -							
October 4 2088	50 25 34	25 32 25 31							
Jan 1 2089	-	85 125							
Jan 1 2090	-	184 -							
October 4 2090	50 25 34	25 32 25 31							
Jan 1 2091	-	85 125							
Jan 1 2092	-	184 -							
October 4 2092	50 25 34	25 32 25 31							
Jan 1 2093	-	85 125							
Jan 1 2094	-	184 -							
October 4 2094	50 25 34	25 32 25 31							
Jan 1 2095	-	85 125							
Jan 1 2096	-	184 -							
October 4 2096	50 25 34	25 32 25 31							
Jan 1 2097	-	85 125							
Jan 1 2098	-	184 -							
October 4 2098	50 25 34	25 32 25 31							
Jan 1 2099	-	85 125							
Jan 1 2100	-	184 -							
October 4 2100	50 25 34	25 32 25 31							
Jan 1 2101	-	85 125							
Jan 1 2102	-	184 -							
October 4 2102	50 25 34	25 32 25 31							
Jan 1 2103	-	85 125							
Jan 1 2104	-	184 -							
October 4 2104	50 25 34	25 32 25 31							
Jan 1 2105	-	85 125							
Jan 1 2106	-	184 -							
October 4 2106	50 25 34								

15	Debs &	5 years	7.85	7.89	10.19
----	--------	---------	------	------	-------

A determined stamp of authority

Roland Rudd and Robert Peston report on the changes to Lonrho's structure

RESTRUCTURING Lonrho's complicated mix of businesses was always going to be the easy part. Mr Dieter Bock has now chosen to change the international trading company's board, an altogether more delicate task.

The German financier, who at the beginning of the year acquired an 18.8 per cent stake in the conglomerate and was then appointed joint chief executive with Mr Tiny Rowland, is determined to stamp his authority on the company with the appointment of non-executive directors.

Lonrho's board, meeting on Thursday, is expected to approve the appointment of its first two non-executives for two decades. Mr Peter Harper, director of Hanson, the Anglo-American conglomerate and Mr Stephen Walls, chairman of Albert Fisher, a food processor and distributor.

Mr Rowland, who has been Lonrho's guiding force for 30 years and has been opposed to non-executives since the "straight eight" directors unsuccessfully tried to remove him in 1973, is not expected to block the moves.

Their arrival should mark the beginning of a number of

changes to the way Lonrho is run which could prove uncomfortable to some of the board's longer-serving members.

The new directors will be set a number of delicate tasks. They will join its remuneration committee and re-evaluate directors' pay. They will also determine what to pay Mr Bock, who has not drawn a salary since becoming joint chief executive.

They will also set up the company's first ever audit committee, to review its auditing procedures and financial performance on a regular basis.

Mr Bock wants to concentrate on three core businesses: mining, hotels and agriculture. But despite the sale of many of the group's businesses, including the loss-making Observer, Lonrho still has a slightly negative cashflow - though it could turn neutral next year.

There are likely to be further disposals outside the three core areas. Profits from these could be significant if the recent sale of a property in Brussels is any guide.

It fetched £30m, to yield a £13m profit. That is a substantial contribution to earnings, yet few of Lonrho's shareholders probably knew the company owned that asset.



Dieter Bock: embarking on a delicate reorganisation task

the company's affairs.

Last year Mr Walls was forced out as chief executive of Arjo Wiggins Appleton, the Franco-British paper company, after losing a board room battle over strategy.

Both men will however have the full backing of Mr Bock, who took full responsibility for finding them. He plans to add to their ranks with a further one or two non-executive appointments in the coming months.

In order to establish better relations with institutions, which own a relatively small proportion of Lonrho's shares compared with other big companies, Mr Bock believes the company has to become a more open company.

Lonrho has only four big shareholders: Fidelity, with 8.9 per cent; UBS Phillips and Drew Fund Managers, with 2 per cent; Postal with 1.5 per cent; and Genting, a Malaysian plantations and gaming group, with 3.9 per cent.

For all the speed with which Mr Bock is trying to transform Lonrho, he cannot expect an overnight increase in the proportion of shares held by institutions. They are likely to want to see the effects of his changes before buying.

Profits are likely to receive a further boost from a reduction in the costs of running the London headquarters at Chesapeake, which are estimated to be more than £20m a year.

There are likely to be significant cuts in the number of head office staff from the current 160 and the number of executive board members, currently 12, will also come down.

Some of the full-time executives, who have grown used to the somewhat idiosyncratic manner in which Mr Rowland has effectively run Lonrho for the past 30 years, may be

Hammerson £100m 10 year bonds

HAMMERSON Property Investment and Development has issued £100m 7.875 per cent 10 year eurosterling bonds 2003. The issue has been fully underwritten.

The new bonds will extend the average maturity of Hammerson's borrowings from eight to nine years and be used to repay short term bank borrowings, he added.

The joint lead managers to the issue are Barclays de Zoete Wedd and NatWest Capital Markets. Co-lead managers to the issue are JP Morgan Securities and Kleinwort Benson.

The bonds will be payable annually in arrears on October 27. The fixed offer price of the bonds will be 95.691 per

cent, representing a gross redemption yield of 8.358 per cent on a semi-annual basis.

BLP shows advance to £194,000

BLP Group, the USM-quoted wood laminate and veneer company, reported profits before tax increased from £11,000 to £194,000 for the six months to June 30 as difficult trading in the UK was offset by a buoyant performance by its Woodtape business in the US.

Turnover amounted to £13.5m (£11.8m).

Avon joint £3m Welsh investment

Avon-S&H, a joint venture between S&H Fabricating and Engineering, of Sandford, Florida, and Avon Rubber, is to go ahead with a £3m investment at Williamstown, South Wales.

Sharp recovery at CH Bailey

CH Bailey, the engineering, shiprepairing and leisure group, recorded a pre-tax profit of £446,379 in the year ended March 26 1993, against a £1.09m loss previously. Turnover increased from £3.54m to £3.71m.

Earnings per share were 0.74p (losses 1.8p).

Ardagh at £1.67m after exceptional

Ardagh, the Dublin-based glass manufacturer, reported pre-tax profits lower at £1.67m

(£1.59m), against £24.21m, for the year to June 29. The outcome was struck after an exceptional charge of £2.07m.

Turnover was £130.4m (£122.5m) and earnings per share came out at 4.29p (11.18p).

The dividend is increased from 3.115p to 3.265p with a proposed final of 2.54p.

QS drops to £1.68m after higher costs

Higher costs following the devaluation of sterling in September 1992 hit QS Holdings, the clothing retailer, which saw profits for the half year to July 30 decline from £3.96m to £1.68m.

Turnover moved ahead from £23.2m to £24.7m.

Earnings per share came out at 2.79p (6.57p); the interim dividend, however, is unchanged at 1.56p.

Securicor £4m acquisition

Securicor Omega Express, part of the Securicor Group, has acquired Scottish Express, the freight transporter, from BAA for £4m.

The alliance between Securicor Omega, the overnight small parcels carrier and Express, will enable both companies to strengthen their services, Securicor said.

North British Canadian ahead

North British Canadian Investment raised net asset value to 137.1p at the end of August, against 119p six months earlier and 95.5p the year before.

Net earnings dropped from £505,000 to £471,000 for the six months period and earnings per share were 1.74p (1.87p). The interim is again 0.94p.

NEWS DIGEST

This Advertisement appears as a matter of record only.

May 1993

ABC International Bank plc

US\$ 100,000,000 Term Loan Facility

Arranger: Chemical Bank

Lead Managers: Banco di Napoli S.p.A., Gulf International Bank B.S.C., Standard Chartered Bank

Co-Managers: National Westminster Bank Plc, Arab Bank plc, Bayerische Landesbank Girozentrale, Union de Banques Arabes et Françaises - U.B.A.F.

Participants: Arab International Bank Cairo, Bahrain Middle East Bank (E.C.), The Commercial Bank of Qatar Ltd. (QSC)

Providers of Funds: Banco di Napoli S.p.A., Gulf International Bank B.S.C., Standard Chartered Bank, Al-Ahli Commercial Bank B.S.C. Bahrain, Bank of Bahrain and Kuwait B.S.C., Burgan Bank S.A.K., Union de Banques Arabes et Françaises - U.B.A.F. Bahrain, Bahrain Middle East Bank (E.C.), The Commercial Bank of Qatar Ltd. (QSC)

Agent: Chemical Investment Bank Limited

Chemical Bank, The Saudi National Commercial Bank - OBU, Bahrain

Al-Ahli Commercial Bank B.S.C. Bahrain, Bank of Bahrain and Kuwait B.S.C., Burgan Bank S.A.K.

Banque et Caisse d'Epargne de l'Etat, Luxembourg, Riyadh Bank

Chemical Bank Bahrain, The Saudi National Commercial Bank Bahrain, National Westminster Bank Plc, Arab Bank plc OBU, Bahrain, Bayerische Landesbank Girozentrale, London Branch, Arab International Bank Cairo, Banque et Caisse d'Epargne de l'Etat, Luxembourg, Riyadh Bank

CHEMICAL

DAIMLERBENZ

The American Depositary Shares

representing

Ordinary Shares

of

Daimler-Benz AG

have been listed on

The New York Stock Exchange

Symbol: DAI

Daimler-Benz AG is the first German company to have equity securities listed on the New York Stock Exchange.

The undersigned acted as advisors to Daimler-Benz AG.

Goldman, Sachs & Co. **C.J. Lawrence/Deutsche Bank Securities Corporation**

October 5, 1993

This advertisement is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). It does not constitute an offer or invitation to the public to subscribe for or purchase any shares. Application has been made to the London Stock Exchange for admission to the Official List of all the 5.8p (net) convertible (non-cumulative) preference shares of 25p each in Charles Baynes plc. ("Convertible Preference Shares"). It is expected that listing will become effective and that dealings in the Convertible Preference Shares will commence on 5th October, 1993.

Charles Baynes plc
(Incorporated in England and Wales under the Companies Acts 1908 to 1917)

Placing and Open Offer
of 34,530,704
5.8p (net) Convertible Preference Shares of 25p each
at 100p per share
by S.G. Warburg Securities Ltd.

Copies of the Listing Particulars relating to the Placing and Open Offer and containing details of the Convertible Preference Shares will be available during normal business hours on any day (Saturdays and public holidays excepted) up to and including 19th October, 1993 from:-

Charles Baynes plc, The Coach House, 173 Sheen Lane, East Sheen, London SW14 8NA

S.G. Warburg Securities Ltd., 1 Finsbury Avenue, London EC2M 2PA

Lloyds Bank Plc, Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN9 6DA

Copies of the Listing Particulars are also available during normal business hours for collection only from the Company Announcements Office, the London Stock Exchange, Capel Court entrance, off Bartholomew Lane, London EC2 1HP up to and including 7th October, 1993.

5th October, 1993

Cable & Satellite Broadcasting Survey
will now be published on
Wednesday 6th October 1993
If you would like any further information please contact:
Alicia Andrews on Tel: 071 873 3565 or Fax: 071 873 3062

Daily Gold Fax - free sample
from Chart Analysis Ltd
7 Swallow Street, London W1R 7HD, UK
commodity price alerts for over 22 years
ask Anne Whitley Tel: 071-734 7174 Fax: 071-439 4966 G10558400000

ECU Terminvest PLC
29 Chesham Place, Balgownie, London SW1X 8HL, Tel: +41 245 0066 Fax: +41 225 6506 Member SFA

FUTURES & OPTIONS BROKERS
\$32 ROUND TRIP
EXECUTION ONLY INTRODUCTORY OFFER

Over 200,000 Global Symbols, comprehensive Quotes & Bonds, Commodity, Futures & Options Indicators, FX and News, Worldwide Share Exchanges, including US, Asia and all major European Exchanges, Standard, LAN, Windows.
WHY PAY MORE FOR LESS?
Call Graham Clark, PC QUOTE (London) 071-629 4200

QUOTE DC QUOTE
64KB HYPERFEED

DO YOU WANT TO KNOW A SECRET?
The I.D.S. Gann Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Ring 061 474 0080 to book your FREE place.

COMPANY NEWS: UK

£25m technical centre outside Tokyo will be catalyst for expansion

Johnson Matthey looks east

By Michio Nakamoto in Tokyo

IN THE green fields of Tochigi prefecture, 75 miles north of Tokyo, a traditional Japanese-style ceremony will take place today to celebrate Johnson Matthey, the UK advanced materials and precious metals specialist, opening its first technical centre in Asia.

The £25m Kitsuregawa technical centre will be a vital part of its strategy of expanding in Japan and the rest of Asia.

Johnson Matthey now does about 90 per cent of its business in Europe and the US; it expects the Asian market to grow to close to a third.

The centre will support its operations in car exhaust catalysts, catalysts for fuel cells, and electronics.

The company hopes that its presence in Japan will help it to win a larger share of the market for the exhaust

catalysts used in Japanese cars manufactured at their transplant factories in Europe.

Although it supplies more than a third of total world demand for vehicle catalysts, Johnson Matthey has less than 5 per cent of the Japanese market, where it faces stiff competition from, among others, Allied Signal of the US.

It is already supplying catalysts for engines made by Japanese car makers in the US and Europe.

But as engines become more complex, the catalysts are increasingly designed by engineers in Japan rather than locally, and the technology is then transferred to the transplants. So to compete in that market the company needed to have technical support in Japan.

Japanese standards for cata-

lysts are stringent and the requirements in terms of testing, support and information supplied are the highest in the world, said Mr Alan Fullerton, project director of Johnson Matthey Japan.

"Primarily we need to have very close contacts with the engineers," he said, pointing out that the decision to set up a technical centre in Japan was welcomed by Japanese car makers.

One advantage for the company is that it does not face competition in car exhaust catalysts from Japanese companies, although Toyota does make about 50 per cent of its catalysts in-house.

This is hardly true in the electronics business, where there is fierce competition from large domestic companies specialising in precious metals, such as Nippon Mining and Mitsubishi Kasei.

But Johnson Matthey believes that its analytical skills and expertise in purifying will help it expand its market share.

It also has expertise in developing catalysts for fuel cells, and has built a pilot plant at Kitsuregawa to provide makers of fuel cells with samples which it expects to have to expand in future.

Japan is well ahead of other countries in the commercial development of fuel cells, and all the electric power stations in the world which use them are located in Japan, said Mr Fullerton.

Commercialisation of fuel cells in Japan could come in the next two or three years, and the company has invested substantially in scientists and evaluation laboratory facilities to prepare for future mass production.

NEWS IN BRIEF

ASSOCIATED FISHERIES: At separate court meetings, holders of AF ordinary and cumulative preference shares approved the scheme of arrangement to effect the recommended merger with Linton Park. The scheme remains subject to High Court approval at a hearing on October 20, but it is expected that dealings in new Linton Park ordinary will begin on October 25.

AUTOMATED SECURITY (Holdings): Elections for enhanced scrip dividend alternative received in respect of 99.6m shares, representing some 87.5 per cent of issued capital. The company will save approximately £200,000 in ACT.

BOC GROUP has acquired, through BOC Distribution Services, Kroese, a Dutch concern, which specialises in temperature controlled distribution, with particular coverage to Germany, Belgium, Poland and France.

CADBURY SCHWEPPES: Acceptances for 1-for-9 rights issue have been received in respect of 77.27m new ordinary (93.3 per cent). The balance has been sold in the market.

CAMBRIDGE ISOTOPE Laboratories: Sales rose 9 per cent to £5.8m (£3.76m) for the six months ended May 31 with pre-tax profits down at £453,000 (£521,000). Earnings per share were 2.4p (2.8p).

CHAY ELECTRONICS has declared its recommended offer for P-E International unconditional. It owns or has received acceptances for 16.3m P-E shares, representing 74.4 per cent.

FERGUSON International Holdings, the labels, hangers, printing and publishing group, is paying up to £11.5m (£7.5m) for Red Wing Products and the affiliated Commander Industries. The deal was effected through Ferguson Investments, the group's US holding company. Red Wing, based in Long

Island, New York, is a maker and distributor of garment hangers and related products.

GREAT UNIVERSAL STORES: Lord Wolfson, chairman, told the annual meeting that overall pre-tax profits for first five months of current year were somewhat ahead of those for the same period last year. The resolutions to approve enfranchisement proposals, scrip issue and other matters were duly passed.

JURYS HOTEL Group has paid £9.8m for the Onslow Hotel in south Kensington, London. The hotel will be renamed Jurys Kensington Hotel. The acquisition will be funded through debt.

PEGASUS has sold subsidiary Stockforms, business forms concern, to Deluxe (UK) for £6.9m. Pre-tax profit to be taken on disposal expected to be £5.9m. Cash balances currently in excess of £9.3m.

PILLSBURY, the wholly owned

Grand Metropolitan subsidiary, has formed a joint venture with the Table Top division of Foodcorp, Johannesburg, for the manufacture and sale of Pillsbury products in South Africa. The terms of agreement were not disclosed.

SHERIFF HOLDINGS, the plant and tool hire group, has purchased Robson (Power Tools) for up to £110,000. Leeds-based Robson has seven depots in Yorkshire and the north-east. In the year ended March 31, Robson's turnover was £2.68m and operating losses £51,000.

UNICHEM, through subsidiary E Moss, has acquired Norman Brook and Son, which comprises two retail pharmacies in west Yorkshire, for up to £742,000.

USBORNE: Acceptances for 2-for-5 rights issue have been received in respect of 17.5m new ordinary (66.9 per cent) and balance has been taken up by sub-underwriters.

ALCATEL ALSTHOM

At a meeting chaired by Pierre SUARD, on September 29, 1993, the Board of Directors of Alcatel Alsthom reviewed consolidated sales and earnings for the first six months of 1993.

Stable Earnings for First Half 1993

The Board of Directors noted the success in Asia, particularly the contract for the combined cycle power plant in Black Point, Hong Kong, the volume of digital telephone lines ordered by China, as well as South Korea's choice of the TGV for the rail link between Seoul and Pusan, thus confirming the Group's leadership position in its core activities.

The Board then approved the Group's consolidated income statement for the first six months of 1993, which included the following:

Consolidated income statement

(FF million)	First half 1993	First half 1992	Full year 1992
Net Sales	73,628	79,477	161,677
Income from operations after financing	5,940	6,344	14,806
Net income	3,006	3,115	7,053

Sales during the first semester 1993 amounted to FF 73,628 million compared to FF 79,477 million at the end of June 1992. On a constant exchange rate basis, sales decreased by 3% from one period to the other. This evolution reflects the economic deterioration, during the past year, in several countries where the Group has a major presence, in particular Germany and Italy.

Income from operations after financing was FF 5,940 million against FF 6,344 million for the corresponding period in 1992 resulting from the decrease in sales. However, the operating margin for the first semester was 8.1% compared to 8.0% for the same period in 1992.

Net income amounted to FF 3,006 million and did not include any capital gains from the disposal of Alcatel Alsthom shares, as in the first semester 1992, wherein net income was FF 3,115 million after a capital gain of FF 437 million from the sale of shares.

For the full year 1993, based on today's trends, sales are expected to be 5% to 7% lower than the previous year while net income should be equivalent to the 1992 level.

INDEX CONSTITUENTS

LISTS OF the constituent stocks of the FT-SE Actuaries Share Indices series and other FT indices are available at no charge from

The Manager, FT Statistics,
One Southwark Bridge, London SE1 9HL

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller
Goldman, Sachs & Co.
85 Wall Street,
New York
New York 10004
U.S.A.
(212-902-6777)

Symon Bradford,
NatWest Securities Ltd.,
Kintore House,
74-77 Queen Street,
Edinburgh EH2 4NS
(031-225-8525)

RANDGOLD

Gold mining companies' reports for the quarter ended 30 September 1993

Blyvooruitzicht Gold Mining Company, Limited

Registration No. 0140073508
ISSUED CAPITAL: R5 000 000 IN 24 000 000 ORDINARY SHARES

	30-9-1993	30-6-1993
OPERATING RESULTS		
Underground operations	242	205
Gold produced - kg	1 070	1 192
Yield - g/t	30.73	31.85
Revenue - R/kg	36 073	35 543
Cost - R/kg	30 925	33 509
Working profit - R/kg	5 148	2 034
Revenue - R/t mined	246.89	207.07
Cost - R/t mined	246.87	184.28
Working profit - R/t mined	2.52	10.78
Surface operations		
Gold produced - kg	107	289
Yield - g/t	34.79	6.32
Revenue - R/kg	36 073	35 543
Cost - R/kg	31 814	3 459
Working profit - R/kg	4 259	3 084
Revenue - R/t mined	13.90	11.22
Cost - R/t mined	10.15	1.09
Working profit - R/t mined	3.75	1.01
FINANCIAL RESULTS (R000's)		
Revenue	82 808	66 380
Cost	(67 734)	(58 734)
Working profit	15 074	7 646
Profit before taxation	15 074	7 646
Taxation and State's share of profit	(2 614)	(5 581)
Profit after taxation and State's share of profit	12 460	2 065
Capital expenditure - net	3 745	2 523

OPERATIONS
The decline in underground tonnage is as a result of the continued depletion of payable ore reserves, which has been partially offset by the mining of high yield zones.

HEDGING
At the date of this report, the company had the following hedging contracts:
12 month ending 30 June 1993
1994 2 438 R27 758
1995 1 524 R11 529
1996 100.52 R46.82

On 82% of the above contracts only the US dollar price has been secured. A Rand/US dollar conversion rate of 3.42 was used to convert these contracts to Rand.

CAPITAL EXPENDITURE
Capital expenditure amounted to R1.1 million (previous quarter R0.9 million) for the company's contribution for development related to the Western Deep Levels shaft.

There are commitments for capital expenditure amounting to R3.3 million.

For and on behalf of the board:
J. P. S. TURNER, Chairman
E. B. CHROCHER, Managing Director

4 October 1993

Durban Roodepoort Deep, Limited

ISSUED CAPITAL: R5 255 000 IN 2 255 000 SHARES

	30-9-1993	30-6-1993
OPERATING RESULTS		
Underground operations	257	257
Gold produced - kg	254	1 087
Yield - g/t	30.71	31.85
Revenue - R/kg	36 073	35 543
Cost - R/kg	30 925	33 509
Working profit - R/kg	5 148	2 034
Revenue - R/t mined	246.89	207.07
Cost - R/t mined	246.87	184.28
Working profit - R/t mined	2.52	10.78
Surface operations		
Gold produced - kg	321	515
Yield - g/t	34.79	6.32
Revenue - R/kg	36 073	35 543
Cost - R/kg	31 814	3 459
Working profit - R/kg	4 259	3 084
Revenue - R/t mined	13.90	11.22
Cost - R/t mined	10.15	1.09
Working profit - R/t mined	3.75	1.01
FINANCIAL RESULTS (R000's)		
Revenue	41 989	44 264
Cost	(42 135)	(42 135)
Working loss	(144)	(871)
Revenue - R/t mined	13.90	11.22
Cost - R/t mined	10.15	1.09
Working profit - R/t mined	3.75	1.01
Profit before taxation	(144)	(871)
Taxation and State's share of profit	(842)	(2 161)
Profit after taxation and State's share of profit	(986)	(2 161)
Capital expenditure - net	850	677

OPERATIONS
The decline in underground tonnage produced was caused by continuing low productivity and the impact of the previous quarter's reduction of mining operations to address the declining yield. Reduced tonnage resulted in a lower production of payable ore. The decline in yield was due to the impact of the previous quarter's reduction of mining operations to address the declining yield. Reduced tonnage resulted in a lower production of payable ore. The decline in yield was due to the impact of the previous quarter's reduction of mining operations to address the declining yield.

HEDGING
At the date of this report, the company had the following hedging contracts:
12 month ending 30 June 1993
1994 1 228 R27 758
1995 1 117 R11 529
1996 100.52 R46.82

On 82% of the above contracts only the US dollar price has been secured. A Rand/US dollar conversion rate of 3.42 was used to convert these contracts to Rand.

CAPITAL EXPENDITURE
Capital expenditure amounted to R0.9 million (previous quarter R1.0 million) for the company's contribution for development related to the Western Deep Levels shaft.

There are commitments for capital expenditure amounting to R3.3 million.

For and on behalf of the board:
J. P. S. TURNER, Chairman
E. B. CHROCHER, Managing Director

4 October 1993

East Rand Proprietary Mines, Limited

Registration No. 0140073508
ISSUED CAPITAL: R10 200 000 IN 10 200 000 ORDINARY SHARES

	30-9-1993	30-6-1993
OPERATING RESULTS		
Underground operations	283	283
Gold produced - kg	1 080	1 405
Yield - g/t	30.73	31.85
Revenue - R/kg	36 073	35 543
Cost - R/kg	30 925	33 509
Working profit - R/kg	5 148	2 034
Revenue - R/t mined	246.89	207.07
Cost - R/t mined	246.87	184.28
Working profit - R/t mined	2.52	10.78
Surface operations		
Gold produced - kg	117	438
Yield - g/t	34.79	6.32
Revenue - R/kg	36 073	35 543
Cost - R/kg	31 814	3 459
Working profit - R/kg	4 259	3 084
Revenue - R/t mined	13.90	11.22
Cost - R/t mined	10.15	1.09
Working profit - R/t mined	3.75	1.01
FINANCIAL RESULTS (R000's)		
Revenue	79 442	94 947
Cost	(73 804)	(88 754)
Working profit	5 638	16 193
Profit before taxation	5 638	16 193
Taxation and State's share of profit	(16 827)	(16 042)
Profit after taxation and State's share of profit	(11 189)	(11 011)
Capital expenditure - net	(8 384)	(16 431)
Profit after taxation and State's share of profit	10 036	8 425
Capital expenditure - net	633 258	614 064
Revenue	242 631	242 631
Cost	182 385	151 462
Working profit	60 246	91 169
Profit before taxation	60 246	91 169
Taxation and State's share of profit	(16 827)	(16 042)
Profit after taxation and State's share of profit	43 419	75 127
Capital expenditure - net	10 036	8 425

OPERATIONS
The increase in underground yield has resulted from an increase in yield in the East Rand vertical shaft and a higher proportion of tonnage from below 20 m level. From the October month, 30 day mining has been recommenced.

HEDGING
At the date of this report, the company had the following hedging contracts:
12 month ending 30 June 1993
1994 1 228 R27 758
1995 1 117 R11 529
1996 100.52 R46.82

On 82% of the above contracts only the US dollar price has been secured. A Rand/US dollar conversion rate of 3.42 was used to convert these contracts to Rand.

CAPITAL EXPENDITURE
Capital expenditure amounted to R1.1 million (previous quarter R0.9 million) for the company's contribution for development related to the Western Deep Levels shaft.

There are commitments for capital expenditure amounting to R3.3 million.

For and on behalf of the board:
J. P. S. TURNER, Chairman
E. B. CHROCHER, Managing Director

4 October 1993

Harmony Gold Mining Company Limited

Registration No. 050242308
ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES

	30-9-1993	30-6-1993
OPERATING RESULTS		
Underground operations	1 820	1 500
Gold produced - kg	8 385	6 181
Yield - g/t	30.73	31.85
Revenue - R/kg	36 073	35 543
Cost - R/kg	30 925	33 509
Working profit - R/kg	5 148	2 034
Revenue - R/t mined	246.89	207.07
Cost - R/t mined	246.87	184.28
Working profit - R/t mined	2.52	10.78
Surface operations		
Gold produced - kg	100	114
Yield - g/t	34.79	6.32
Revenue - R/kg	36 073	35 543
Cost - R/kg	31 814	3 459
Working profit - R/kg	4 259	3 084
Revenue - R/t mined	13.90	11.22
Cost - R/t mined	10.15	1.09
Working profit - R/t mined	3.75	1.01
FINANCIAL RESULTS (R000's)		
Revenue	266 040	182 890
Cost	(219 925)	(182 890)
Working profit	46 115	(0)
Profit before taxation	46 115	(0)
Taxation and State's share of profit	(1 145)	(0)
Profit after taxation and State's share of profit	44 970	(0)
Capital expenditure - net	444	1 566

OPERATIONS
At the date of this report, the company had the following hedging contracts:
12 month ending 30 June 1993
1994 12 473 R27 758
1995 7 772 R11 529
1996 100.52 R46.82

On 82% of the above contracts only the US dollar price has been secured. A Rand/US dollar conversion rate of 3.42 was used to convert these contracts to Rand.

CAPITAL EXPENDITURE
Capital expenditure amounted to R1.1 million (previous quarter R1.0 million) for the company's contribution for development related to the Western Deep Levels shaft.

There are commitments for capital expenditure amounting to R3.3 million.

For and on behalf of the board:
J. P. S. TURNER, Chairman
E. B. CHROCHER, Managing Director

4 October 1993

NOTES

DIVIDENDS
No dividend has been declared for the three months ended 30 September 1993.

CAPITAL EXPENDITURE
Future capital expenditure is being restricted to those projects considered vital to the continuance of operations.

SOLD HEDGING
The proceeds from hedging transactions completed during the quarter form part of revenue derived from the sale of gold.

GENERAL
- All the companies mentioned are incorporated in the Republic of South Africa.
- Based capital values include share premium.
- All financial figures are unaudited.
- Copies of the above quarterly reports may be obtained on application to the transfer secretaries.

United Kingdom secretaries
United Kingdom registrars
and paying agents
Bancroft Registrars
Bancroft House, 34 Cockspur Street
London EC3A 3DF

Transfer secretaries
Bancroft Registrars
Bancroft House, 34 Cockspur Street
London EC3A 3DF

For and on behalf of the board:
J. P. S. TURNER, Chairman
E. B. CHROCHER, Managing Director

4 October 1993

KLEINWORT BENSON JAPANESE WARRANT FUND, SICAV

Registered office: 14, rue Aldringen, Luxembourg
Commercial register: Luxembourg Section B No 37305

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of KLEINWORT BENSON JAPANESE WARRANT FUND, SICAV, will be held at its registered office at Aldringen, 14, rue Aldringen on 14th October, 1993 at 11.00 a.m. for the purpose of considering and voting upon the following agenda:

- To consider:
a) The Management Report of the Directors
b) The Report of the Auditor.
- To consider the statement of net assets and the statement of changes in net assets for the period ended 30th June 1993.
- To discharge the Directors and the Auditor with respect to the performance of their duties during the year ended 30th June 1993.
- To elect the Directors and the Auditor to serve until the next annual general meeting of shareholders.
- Any other business that might properly come before the meeting.

The shareholders are advised that no quorum for the statutory general meeting is required and that decision will be taken at the majority of the shares present or represented at the meeting.

The Board of Directors

WAKACHIKU CONSTRUCTION CO., LTD

US \$ 30,000,000 GUARANTEED FLOATING RATE NOTES
DUE 1997

Unconditionally guaranteed as to payment of principal and interest by THE SUMITOMO TRUST AND BANKING COMPANY, LIMITED

In accordance with the provisions of the Notes, notice is hereby given as follows:

- Interest period: October 4, 1993 to April 5, 1994 (183 days)
- Interest rate: 3.675% p.a.
- Coupon amount payable per each Note of US\$500,000: US\$ 9,340.63

Agent Bank

BNP PARIBAS INTERNATIONAL
A LUXEMBOURG

You want to advertise in the Financial Times. For further information please contact

DISTRIBUTION SERVICES II

■ PAN-EUROPEAN OPERATIONS

Single market speeds traffic

FORMAL creation of the European Community single market at the beginning of this year has already speeded up many cross-border transport and distribution operations. But the development of widespread pan-European distribution services and networks seems likely to take rather longer.

Earlier fears that some countries might not be ready to cope with the new transport environment created by the single market have generally proved wide of the mark, say distribution service operators. In fact, they claim, removal of previous border controls and the disappearance of some 85 per cent of Community transit declarations has accelerated the flow of goods.

"That improvement has been particularly noticeable on long-distance road movements. Overall transit times between the UK and southern Italy, for example, are said to have been cut by as much as 24 hours, producing cost savings of up to £300 per journey."

The real key to those sort of improvements, says Mr Geoffrey Simms, vice-chairman of the international group of the UK Road Haulage Association (RHA), has been harmonised customs procedures and faster clearance.

"The dismantling of border controls has had an impact. However, speedier procedures for customs clearance have had a

much greater effect," he says.

"Prior to European harmonisation, RHA members could waste as long as a day waiting for clearance from customs. This has been radically cut with European harmonisation - particularly in France, Italy and Spain - and is a major benefit to the haulage industry."

Road-based distribution service activities should further benefit from recent agreement among EC transport ministers on the format of the remaining directives needed to complete the single market for road transport operations.

Specifically, they decided on a common tax for trucks using EC roads, clearing the way for the full implementation of road cabotage under which hauliers from one member state can pick up and deliver goods within another.

In that context, EC transport ministers agreed in June that the number of cabotage licences issued within the Community should rise from the current figure of

18,500 a year to 30,000 in 1994 and then by 30 per cent annually until full liberalisation in 1998. As a result, intra-EC road transport should become much more efficient and - in theory - cheaper.

However, while road transport operations are benefiting from the advent of the single market, Europe is still generally some way from becoming one large "domestic" market as far as distribution is concerned. For the moment, most goods still tend to be distributed on a national basis. But, says Mr Michael Browne, BRS professor of transport at the University of Westminster, that situation is likely to change as cross-border trade increases.

"We can expect to see the growing internationalisation of carriers' activities, with a company providing full national distribution services in more than one country. Companies with a customer base that includes multinational manufacturing in several European countries will need to decide their best strategies," he says.

The influence of manufacturers on the future course of European distribution industry development is also cited by the RHA's Mr Simms, although he does not envisage immediate large-scale rapid changes in that area.

"The question of whether Europe will really become one large 'domestic' market is to a large extent dictated not by the hauliers but by the manufacturers who own or supply the goods being transported," he comments.

"It is also dictated by the fundamental traditions which characterise the European market. Whereas international haulage between countries is a reality, most countries continue to operate their own domestic distribution systems. And because such distribution systems are so fundamental, there will be no immediate change in this area."

Reinforcing the argument that many European distribution activities are likely to remain primarily nationally-based, at

least in the near-term, is a pronounced lack of cross-border retailing operations.

Even those retailers which have established operations in several countries still tend to organise their distribution activities on a country-by-country basis.

That point is confirmed by Mr Ronnie Irving, managing director of international distribution activities for UK-based logistics service company Christian Salvesen Distribution (CSD). He says leading logistics service companies realise they must provide different services to retailers in different countries.

"For example, the business profile CSD has in France is very different to that in the Benelux countries and our operations in Spain are quite different to those in Germany. This is a fact which, I believe, will remain for many years to come," says Mr Irving.

Elaborating on that point, he claims the single market has not changed the logistics scene in terms of its effect on second-

ary distribution in the retail sector. "What the Single Market has changed, however, and continues to change, is the way manufacturers look at their logistics and how they view supply chain management," he adds.

Manufacturers would continue to reduce the number of production points they had in the EC. Instead of having two or three factories manufacturing all the products in their range in each EC country, they would take advantage of economies of scale by producing only certain lines in certain countries and then transporting those products to the countries of consumption.

Most distribution industry observers go along with that picture of future European distribution, at least over the next few years.

The important thing for distribution service providers, they add, is to develop a clear strategy to cater for that scenario.

"More and more companies supplying logistics services realise that their future requires them to develop a European strategy. While some have sought to build a Europe-wide logistics network, others have been more cautious and have concentrated on their core skills, transferring these when possible to new markets," concludes Mr Browne.

Phillip Hastings

■ UK companies target Europe

Increasingly prominent role

RECENT news that UK-based logistics service company McGregor Cory, part of the Ocean Group, is to build an £18m distribution centre in Spain highlights two trends in the UK distribution industry as a whole.

First, there is an increase in the number of leading operators who are building up their presence in continental Europe. And second, there is a tendency by several of those companies to base their European expansion on links with specific customers rather than setting up service networks and then looking to win new business.

The announcement of McGregor Cory's new venture in Spain, for example, coincided with news that the company's Spanish subsidiary, Serrallba, had won a six-year, multi-million-pound contract from detergent and household products manufacturer Procter & Gamble covering the warehousing and distribution of products in Iberia.

Other distribution companies are following a similar

path. Mr John Stocker, group director business development for Ryder PLC, the UK arm of US-based Ryder System Inc, said: "Our approach is to enter a country either with a customer or with a target industry - it is not our intention to set up a European network and invite customers to use it."

Not all UK distribution companies have adopted that philosophy, though. Business services group Hays, for example, this summer followed up the acquisition of French specialist distribution business FRIL for £37.5m in 1992 with the purchase of a 75 per cent shareholding in German national contract distribution business Mordhorst for £32m.

A spokesman for Hays said that unlike some of its UK competitors which had bought smaller continental distribution service operators and sought to integrate them, it had purchased companies which already had national networks. The present generally cautious mood among UK distribution companies when

it comes to European expansion in part reflects the fact that a number of earlier efforts to develop operations on the continent ran into problems.

For example, even one of the UK's most experienced distribution operators in continental Europe, Transport Development Group, was recently forced to close French road haulage subsidiary Translittoral at a cost of more than £12m following persistent heavy losses.

Mr Alan Cole, TDG chief executive, said one of the problems had been that a big company such as Translittoral had found it hard to compete with small hauliers prepared to operate at very low margins in a business where there was little scope to add value to services.

The economic recession in many European countries is further encouraging caution among UK distribution companies.

TDG's results for the half-year to June 30, 1993, for example, show how the pres-

ent downturn in continental European transport business is hitting overall profits. While operating profits in the UK rose from £13.8m in the 1992 half-year to £15m this year, profits for continental Europe fell to £2.5m compared with £4.3m in the first half of 1992.

NFC group, reporting its latest results last month, said that while positive signs of economic recovery were beginning to emerge in the UK, the economic scene in mainland Europe was "more complex". Trading remained "difficult", particularly in Germany and Spain.

Longer term, however, leading UK distribution companies believe their widely acknowledged expertise will enable them to become increasingly prominent players on the broader European scene.

For example, McGregor Cory executives claim their company's planned Spanish distribution centre at Mataro, some 30km north of Barcelona, will break new ground as far as Iberian logistics operations are concerned.

At the same time, the development of ever-more-sophisticated and reliable information technology (IT) systems increasingly enables manufacturers and retailers to exert tight control over areas of distribution activity where they now have plenty of experience. And that, it is suggested, is opening up new opportunities for companies to re-establish more in-house distribution management. Overall, though, the arguments for and against contracting out distribution remain finely balanced. That point was highlighted in a study of distribution issues published earlier this year by the commercial and distribution committee of the UK's Freight Transport Association.

On the issue of costs, for example, the FTA study concluded that the operating cost of an effectively-managed in-house distribution operation was unlikely to differ much from one contracted out.

"It can be argued that a large contractor can use its purchasing power to secure more favourable terms for supplies of equipment, sites and consumables. In practice, however, many in-house operators are able to do better deals themselves," said the report.

"A poorly-managed, inefficient in-house operation which perhaps has not taken advantage of the latest technology is a different matter. A contractor may be able to offer cost savings in this case. But these probably could have been secured by the in-house operator reorganising his own systems."

Generally, added the FTA report, the main motivation for a company contracting out its distribution was likely to be the benefit of the contractor's specialised distribution know-how. Contracting out distribution did not necessarily save money.

Phillip Hastings

■ CONTRACTING OUT

Debate is renewed

relative costs of in-house and contracted distribution activities are significant because that area is now widely regarded as the most important factor in many companies' approach to distribution.

The point is reinforced by Mr John Stocker, group director business development for distribution company Ryder PLC. During the 1980s, he said, development of distribution systems was often all about supporting business growth and increasing service levels.

"Now, people still want service levels, of course, but the focus tends to be on how they can take out costs. There is a lot of benchmarking going on - and distribution is one of the areas people are looking at most keenly."

However, while such pressures are encouraging some companies to consider bringing distribution activities back in-house, demand for third-

party specialist services is also growing. Ipswich-based contractor Russell Davies Distribution, for example, has over the past three years increased its annual turnover for UK contract distribution business from £2m to £19m and plans to double that by 1997.

The end result as far as the overall distribution market is concerned is a continuing mixed picture. Most of the UK's leading supermarket groups, for example, are continuing to run some distribution activities in-house as an insurance policy and a benchmark with which to compare their contractors' performance.

Mr Angus Clark, the director responsible for food retailer J Sainsbury, told a seminar organised by Exel Logistics earlier this year that he expected the distribution industry to continue developing in both directions. He pointed out that

Homebase, Sainsbury's DIY subsidiary, was content to have warehouse and transport operations run on its behalf by Exel. For the supermarket business, though, the group operated some of the activity directly but outsourced most to third-party operators. "We believe this combination gives us the advantage that we continue to source ourselves with experienced and professional distribution management," he said.

"It makes research and development easier - both on methods and systems - if we have our own test beds. And it provides us with direct cost comparison to help us manage the contract operations successfully, and to feel satisfied about their performance."

One relatively new trend starting to become more apparent in the UK distribution sector is a return to favour of third-party common-user operations where two or more customers share the same facilities and services.

The popularity of common-user systems declined during the 1980s as companies sought the service advantages of dedicated operations. But now, says Ryder's Mr Stocker, "people are realising that there are economies of scale to be gained from shared user networks."

Phillip Hastings

ADVERTISEMENT

BT's distribution technology solutions

BT is developing telecommunications packages to tackle the key issues facing the distribution industry.

RUNNING in parallel with the road, rail, water and air links which physically move goods along the supply chain, is another invisible, electronic network.

Every minute of the day, a mass of wires, fibre optic cables and satellites, facilitate fast and accurate exchange of data concerning the status of thousands of elements in the supply chain, giving logistics practitioners a clear picture of their supply chain's efficiency.

BT has recognised the vital role of telecommunications in the logistics industry, and has created a dedicated business unit to provide the sector with technological solutions.

Major companies such as TNT, Exel Logistics, Lynx, the Post Office and Allied Pickfords have already developed turnkey systems with BT in areas such as software design, satellite tracking of vehicles, communication links into back-loading systems such as Routel.

BT is also working with logistics companies to boost the effectiveness of telecommunications by offering services such as Chargecards for drivers who regularly call back to base, mobile phones, pagers and video-conferencing.

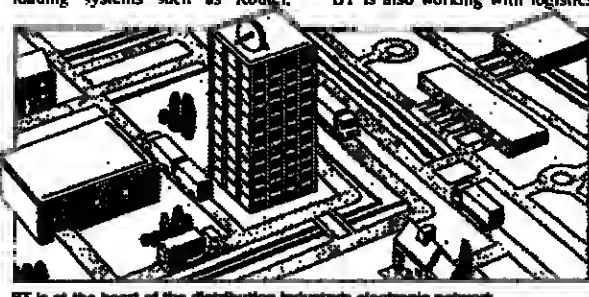
However, many developments are in the pipeline: BT is investing heavily in new research and development projects to look at areas such as vehicle/warehouse communications, congestion tracking, haulage broking and satellite navigation/communication systems.

BT is hoping to work closely with the logistics industry in the development of its new technologies. "This reflects our philosophy of getting under the skin of our customers," said BT marketing manager for the logistics sector, Geraldine Morley. "By understanding their issues and needs, we can develop telecommunications packages which offer practical solutions to their logistics needs."

For information on BT in the logistics industry telephone 0800 800 901.



Allied Pickfords' drivers working in Europe can now keep in touch with their UK base using BT's satellite vehicle tracking system, C-SAT. The system sends information including delivery times and details of backlogs.



BT is at the heart of the distribution industry's electronic network.



Need we say more?

Call Frank Tunney

TDG plc, Windsor House, 50 Victoria Street, London SW1H 0NR

Tel: (0) 71 222 7411 Fax: (0) 71 222 2806

Focus on communications

DISTRIBUTION companies have been swift to recognise that the delivery of information is integral to the process of delivering anything else. Knowing where the consignments are, what's holding it up, and when it will be delivered can do as much for business and the customer's goodwill as delivering the actual goods.

This depends on speeding information down the line to wherever it is needed. To make the process faster and more efficient for everyone, not least the end customer, different carriers may soon collaborate and co-operate in passing information.

The distribution industry should have more to gain than any other in the dismantling of European trade barriers and the rise of EDI - electronic data interchange.

Information technology is being pressed into service despite different data formats, incompatible systems, nationally based telephone networks, and other historical quirks imposed by working in the real world.

The industry has already capitalised on such techniques as satellite tracking, the use of bar codes and hand-held scanners for data acquisition, and on-board laptop or even dashboard-mounted computers.

Its advances rely not on great leaps forward in technology, but in imaginative use of what's available, with EDI as the mortar between the bricks.

"The fast movement of information and systems to speed goods through the supply chain is what logistics is all about," says Nick Allen, editor and publisher of the niche magazine *Logistics Europe*.

"It means supply chain management. It concerns everything from management of stores right to manufacturing and physical distribution. *Logistics Europe*, launched in January to coincide with the abolition of European trade barriers, covers every aspect of logistics and distribution. The rising of high-tech warehouses is a particularly hot topic.

Technology, according to Mr Allen, plays an increasing part, and is moving at a brisk pace, with radio and satellite communications, warehousing and new barcoding tools such as the PDS417 "chequerboard" which can contain information about an entire consignment.

"There's a new philosophy

coming from the US which suggests that logistics is all about customer response," he adds. "It's led largely by the retail and grocery business." There are, he points out, a growing number of companies large enough to take a global view, and some of them are restructuring across Europe in response to changing trading conditions.

David Hobbs, associate director of the CMG consultancy responsible for consumer products, also points to the integration of all sorts of services and technologies.

These offer individual advantages, but merged together are beginning to provide a seamless flow of information from manufacturing to the distribution process.

In effect, the benefits - and the responsibilities - of the "Just in Time" manufacturing ethic are being pushed further down the line, right into the area of delivery and distribution across national borders. But Mr Hobbs sees problems in the legacy of different systems and protocols in various countries.

"What clients need is a flexibility of approach to cope with rapid change. This is reflected in the move to client-server systems, wide area networks, and the ability of powerful communications to deliver worldwide logistic information," he says.

He points to the development of such technologies as satellite tracking, which can pinpoint the whereabouts of a vehicle within 30m. Information barriers here are artificial, like many a national border.

MSAS, part of the Ocean Group, is an airline carrier with a crusading attitude to the removal of barriers in its industry. It has been campaigning for the clarification of electronic information transfers, regulations, and systems. These have been complicated by a number of different standards, developments and protocols governed by different bodies.

"The question is which IT system and package is going to be acceptable and compatible with the specifications dictated by regulations, procedures, trends and market forces," says Mr Geoff Corpe, managing director.

MSAS has developed its own package, Unitel 21, which it claims to be the largest inte-

grated information system in the world, recording information as it happens, from initial booking through to pick-up, gateway despatch, flight and delivery to consignees. Adaptability for MSAS means fitting in with other systems used by contractors outside the air-cargo industry, and the experience of building Unitel has given Mr Corpe a global

Wincanton Storage, a specialist in transport, warehousing and distribution, has adopted the Miracle package from Calidus Systems

view which looks beyond air-cargo alone.

"If EDI is to come into more frequent usage, the industry body BIFA, and large airfreight operators such as ourselves must continue to drive home its benefits. The air cargo community must have a commonality of approach to message standards, and service providers. At the moment a number of EDI message formats exist such as CARGO-IMP, ANSI, and EDIFACT (Electronic Data Interchange for Administration, Commerce and Trade).

"But CARGO-IMP is a format designed by and for airlines, which allows only for the exchange of information between the airline carrier and community systems such as ACP 90 (Air Cargo Processing), and very soon CCS-UK (Cargo Community System for the UK). It is too restrictive if it is to be quickly available for consignors and consignees, whereas EDIFACT is the agreed international standard, recognised by the United Nations and one such should be adopted by the air industry."

TNT White Arrow Express, part of the GUS Home Shopping Group, is another leading investor in systems: GUS has invested over £55m in its IT infrastructure over the past five years. It has concentrated on the other end of the scale, local knowledge, which it has built into its delivery structure using Geographical Information Systems. Its 38 delivery depots use "sector management," assigning delivery rounds not by the number of parcels but by the territory.

Their data is mapped using software from GB Postcode (the Royal Mail's database of

24m UK addresses) and a 1:25000-scale Ordnance Survey map. In consensus with the local drivers, whose long-standing expertise on an area is built into the database, each address is assigned a time value. Each depot has about 400 sectors, optimised to reflect local traffic conditions and even buildings such as blocks of flats or industrial estates.

The workload then becomes easier to predict and drivers are paid by work content rather than volume.

"The system bridges the gap between local intelligence and our own skills in planning," explains Tony Lowe, White Arrow's services director. "All our systems are developed now to improve quality of service, not just to reduce costs. It makes us more efficient, because parcels don't get returned to the depot: we know the driver can deliver the allotted load." He claims a remarkable improvement due to the system: delivery time within three days rather than an average seven to 10 days. Future plans include on-board computers to close the final gap; that of delivery confirmation.

Federal Express has used on-board computers since the 1980s and pioneered real-time shipment tracking. Its latest

innovation has, like White Arrow's, been aimed at improving courier productivity. Every courier now carries an ASTRA (Advanced Sorting Tracking Ronting Assistance) label printer, which eliminates human error by converting tracking data into routing labels readable by both humans and machines.

Few companies have the resources of Federal Express, GUS and MSAS for development from scratch. Wincanton Storage, a specialist in transport, warehousing and distribution, has recently adopted the Miracle package from London-based Calidus Systems. Its aim is to "drive costs out of the supply chain" by implementing the system at appropriate manufacturing and retail customers in industries including ambient, fresh and chilled food, and DIY products.

Wincanton's approach is typical of future trends, which will probably concentrate less on functional organisation, and more on business processes. This is the view of Chris Smith, marketing director for software products, based in Andersen Consulting's European Software Centre in the south of France. The spread of EDI, with client-server and distributed computing has made



Technology on the move: Allied Pickfords drivers receive and send messages via BT's C-Sat satellite system

it possible for processors and processes to communicate.

"One of the key issues is service," says Mr Smith. "The process of capturing and fulfilling a requirement, from order through purchasing, manufacturing and delivery could take place from different geographical

locations: ordering in one country, manufacturing in another, shipping in another, invoicing from yet another. These are all possibilities becoming a reality, enabled by a different type and style of information."

However, he sounds a warn-

ing which echoes Mr Corpe's point about short-sighted parochial borders. "As an observer, we've noted that some organisations are better able to communicate with outside partners than internally."

Claire Gooding

THE RETAIL INDUSTRY

More changes ahead

to try to move ever closer to the ideal, whereby goods are whisked almost as soon as they come off the production line.

The process began in the 1970s, when supermarkets started using their growing financial muscle to wrest control of the supply chain away from suppliers and manufacturers. They established their own warehouses which suppliers were instructed to deliver to, instead of direct to the stores.

The impetus for the move was the development of larger and larger supermarkets. Food retailers realised they had to maximise selling space and cut down storage space in their shops in order to compete.

In the late 1970s and early 1980s, however, the situation changed again as retailers began consolidating networks of small local warehouses into a handful of much larger warehouses. Technology also advanced rapidly, with computer systems linked to scanning technology giving retailers much greater information about customers' buying patterns, and allowing them to control the supply chain much more closely.

As retailers began to pour money into expanding their superstore chains, however, they started to cut down their investment in distribution, increasingly contracting out that function - and the associated investment - to third party specialists.

At first, that was largely at the level of vehicle fleet hire, but eventually third-party contractors began to provide everything from transport and personnel to warehousing. By the beginning of the 1990s, retail distribution in the UK was highly centralised. The Institute of Grocery Distribution found that an average of 83 per cent of goods were distributed centrally by retail multiples in 1991.

Tesco had reached 97 per cent; Argyl, owner of Safeway, 83.6 per cent; and J Sainsbury 82 per cent. At the same time, the average level of contracted-out distribution had reached about 50 per cent.

Dr John Fernie, of Dundee Business School, editor of the *International Journal of Retail and Distribution Management*, has conducted a recent survey of third-party distribution and says Tesco contracts out 55 per cent of its distribution; Safeway 35 per cent; Sainsbury 60 per cent; and Asda about 70 per cent.

The fruits of these changes are evident from a survey by the Institute of Logistics and Distribution Management which showed that UK retailers have cut spending on distribution from 12.3 per cent of total costs in 1983 to 4.7 per cent in 1992.

That makes their distribution costs considerably cheaper than those for many retail chains in continental Europe, and is one reason why they achieve higher operating margins than overseas counterparts.

But in the 1990s, a third change may be on the way. Industry experts say the buzzwords are "efficient customer response".

The principal aim in distribution is now to reduce the amount of stock held at all points along the supply chain,

need to receive information from all their main customers.

Perhaps the most important 1990s buzzword, therefore, is "partnership".

Mr Jim Young, business director at PA Consulting

Asda, the UK's fourth-largest superstore operator, is leading the way in sharing Epos information with suppliers

Group, who has headed several retail distribution projects, says the benefits of partnership can be considerable. One project where a retailer was encouraged to co-operate with suppliers resulted in a 30 per cent reduction in stockholding, from six weeks to four weeks.

The sticking points, he says, include the traditionally combative relationship between retailers and suppliers, and nervousness among retailers about revealing Epos information.

"The biggest question is how you split the benefit down between the manufacturer and the supplier," he adds.

Closer relationships are developing, however. Asda, the UK's fourth-largest superstore operator, is leading the way in sharing Epos information with suppliers.

If the tendency spreads, retailers' warehouses may be used less for storage and more as trans-shipment centres. If that happens, Dr Fernie speculates that retailers could find their heavy investment in large distribution centres in the 1980s has left them with bigger facilities than they need in the 1990s.

Another important trend in the industry is for expertise developed in the food retailing sector to be transferred into the non-food area, which has been slower to adopt centralised distribution. "What all

the sophisticated composite distributors are looking at now is non-food," says Mr Ronnie Frost, executive chairman of Hays, the business services group.

The process is already starting. Laura Ashley, the UK fashion and furnishings group, has brought in Federal Express Business Logistics on a 10-year contract worth at least £150m. Its mission is to sort out a somewhat labyrinthine distribution system, halve the value of stock in the supply chain to £30m, and cut logistics costs by up to 12.5 per cent.

Finally, an important challenge to distribution specialists is the increasing internationalisation of retailing. The pace of cross-border expansion, mergers and acquisitions has quickened in the past year, and the advent of the single European market is likely to accelerate the trend for superstores to join European buying groups.

As retailers expand beyond their national borders, demand will increase for distribution and logistics specialists with European, and even global, reach.

Neil Buckley

5-7/10/93

Freightconnection 93

the venue:

euroterminal,

trafford park, manchester

the date:

5-7/10/93

the freight event

of the year!

Freightconnection 93 -

for the latest information phone 0543 419600

(+44 543 419600) or write your name and title on

your company letterhead and fax it to 0543

419299 (+44 543 419299), or post your business

card to:

Freightconnection 93

P O Box 001

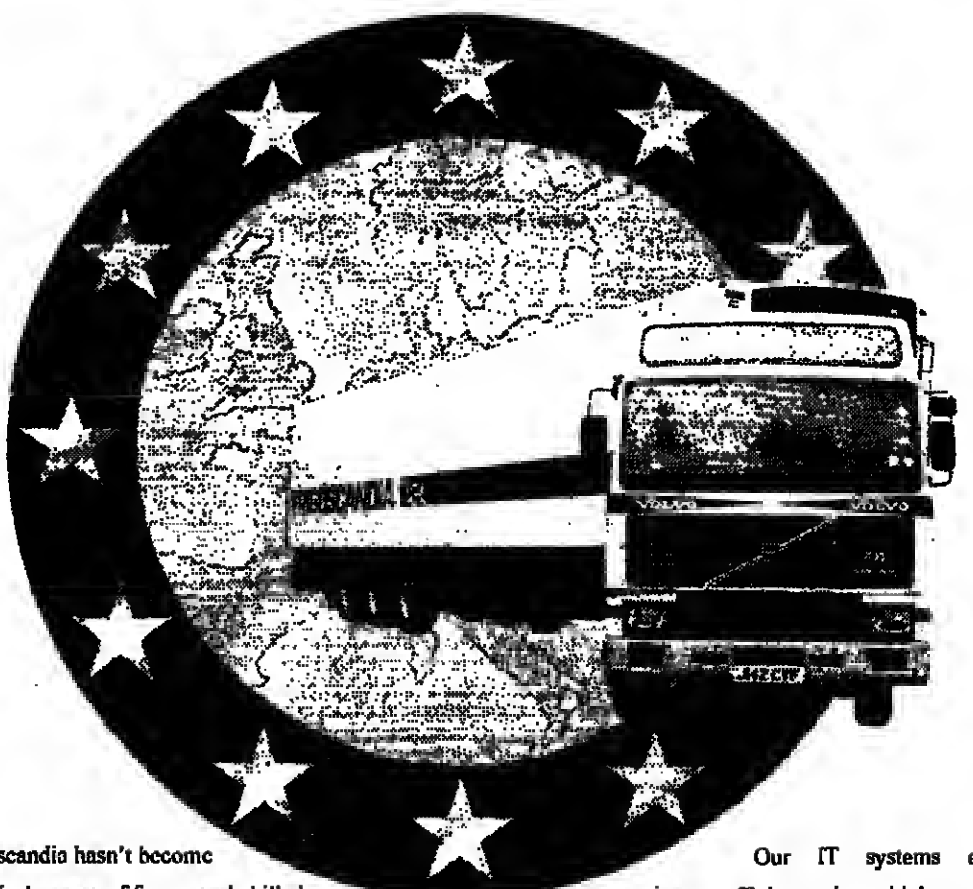
Lichfield

Staffs WS14 9AE

United Kingdom

0543 419600

Europe's No.1 primary mover of frozen and chilled foods.



Frigoscandia hasn't become

Europe's No.1 mover of frozen and chilled

food by chance. We've got here by being the best.

We have a comprehensive network of distribution

centres throughout the U.K. and Europe plus

a modern transport fleet of over 700 vehicles with 24

and 26 pallet trailers.

Our IT systems ensure

maximum efficiency in vehicle routing

and warehouse management. In fact, our quality control

is second to none.

Perhaps that's why the major food producers and

retailers trust us to keep them moving. Talk to the

experts. Call Chris Goodwin now on (0992) 445511.

AGA FRIGOSCANDIA
FOOD SERVICES

UK CENTRAL OFFICE, SCANIA HOUSE, HODDESDON, HERTFORDSHIRE EN11 8TT. TEL: (0992) 445511. FAX: (0992) 467148.

DISTRIBUTION SERVICES IV

■ Rail and intermodal services

Opinion divided over tunnel

THE advent of the Channel tunnel and development of related intermodal road-rail transport facilities could open up a range of new European distribution services. On the other hand, say some distribution industry sources, the tunnel could fail to attract the freight volumes anticipated - and hopes for general expansion of intermodal transport could be dashed by a lack of investment and suitable facilities.

The Channel tunnel will provide the distribution industry with two transport options. First, it will carry rail-based freight and passenger services between the UK and continental Europe. Second, it will carry rubber-tyred traffic - lorries, cars and coaches - on specially-designed shuttle wagons which will move between Folkestone and Calais via a loop system.

The second option, for both freight and passenger, will be operated under the brand name "Le Shuttle". On the freight side, specially-designed shuttles will accept vehicles up to 44 tonnes total vehicle weight, 18.5 metres in length, 4.2 metres in height and 2.6 metres wide. Each freight shuttle will be able to accommodate 28 heavy goods vehicles.

■ Environmental issues

EC legislation sets the pace

EC LEGISLATION is the main force behind the introduction of environmental measures by companies, according to a survey of the logistics and distribution industry by management consultants PE International.

Eighty-one per cent of respondents cite Brussels as a main source of environmental pressure, with 44 per cent indicating UK legislation and 40 per cent saying the impetus comes from customers.

The survey, produced earlier this year, revealed that more than two thirds of companies expect operating costs to increase as a result of addressing environmental issues. However, it also found that nearly all improvements implemented so far have had a significant element of cost reduction.

Most companies are likely to have taken the obvious steps such as more efficient routing and fuel economy measures, explains Mr Jan Szymankiewicz, managing director of P-E's logistics consulting arm. He says that they are less willing to take initiatives that do not produce savings.

When compared to other companies involved in logistics in sectors such as retailing, dedicated distribution companies feel under less pressure to respond to environmental issues. Their main concern, according to the survey, is to meet the needs of clients and environmental action follows from contractual arrangements.

In total, the companies surveyed - all members of the Institute of Logistics and Distribution management, now merged into the Institute of Logistics - are responsible for 40,000 commercial vehicles, 32,000 company cars and 1,700 warehouses. But only 19 per cent have a specific logistics-and-the-environment policy. Only 7 per cent have so far carried out work in all of the areas surveyed, which included environmental auditing and adoption of relevant training policies.

There are bright spots: nine out of 10 companies expect to adopt environmentally aware policies within the next five years, and larger companies are taking the lead in introducing policies and training.

Parcelforce, the UK's biggest carrier of parcels and packages, won the Motor Transport Journal's prestigious environmental award this year. It was judged to be the haulier with the biggest environmental commitment. Parcelforce has a battery of environmental measures.

Rather than wait for full implementation of the EC directive on speed limiters next year, it has already set them to 56mph. Many other large companies are keeping them at 60mph for as long as possible, saying fuel

consumption will rise. "Our experience is that we are saving 7 per cent on our fuel bill," says Mr Ken Mahbett, Parcelforce's head of transport. Advanced driver training has also reduced fuel consumption: "They use the vehicle better; they use the gears properly," says Mr Mahbett. Parcelforce has also improved vehicle design.

Parcels can be loaded onto both decks of the new 13-metre "double deck" trailer, providing 50 per cent greater capacity. A reduction of 20 per cent in overall trailer numbers is expected.

Innovations such as this are helping to ease traffic congestion, one of the biggest environmental issues facing the industry. The government says that in the 1980s motorway traffic doubled, and forecasts that by 2025 all road traffic will increase twofold. Overall, however, although freight vehicles cover more than 60bn kilometres in the UK each year, this is less than a fifth of car mileage. The government is introducing a toll of 4.5p a mile for lorries in its green paper on motorway finance, but tolls at this level are unlikely to impact significantly on the volume of road freight.

The government claims that its intermodal freight initiative, which involves 44-tonne lorries being allowed on UK roads from next year, could reduce the number of lorries on the road by about 5,000 vehicles.

This is just a back door way of allowing 44-tonne lorries," says Mr Stephen Joseph, executive director of campaigners group Transport 2000. He foresees the limit being raised for all lorries and points out that because bigger vehicles are more economic, greater numbers of heavy lorries will appear.

Under EC legislation, the UK must allow trucks of up to 40 tonnes by 1996. If the Department of Transport continues its policy of imposing improved road-friendly suspension for lorries, some environmental damage will be avoided. Unfortunately, it is restricted in doing this by European legislation for some categories of heavy goods vehicle.

Companies actually regard the disposal of waste and packaging as the most important environmental problem facing them. Large volumes of packaging waste can accumulate at stores and depots, and companies have started to sort, bale and recycle it. Some businesses have also had their hands full with registration requirements for waste transportation required under the Environmental Protection Act of 1990, which define waste very widely.

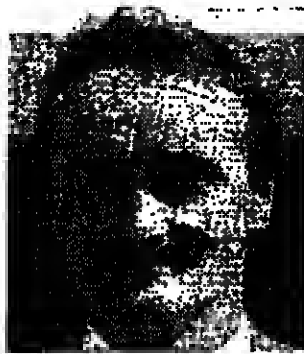
The industry is awaiting implementation of the EC directive on packaging and packaging waste with some apprehension.

Peter Carty

of European rail and road-rail intermodal transport services and those who see it as a vast waste of money and effort. At this year's UK Institute of Logistics & Distribution Management conference in Birmingham, for example, Mr Brian Bolam, managing director of TNT Contract Logistics Europe, commented that "there is a very big chance that the tunnel will be one of the biggest white elephants of all time". However, Mrs Ivy Penman, head of international planning for NFG distribution company Exel Logistics, said her company welcomed the Channel tunnel as a "major catalyst for future efficiency and growth". She said the two competitive offerings from the tunnel - the road or "Le Shuttle" option and the through-rail alternative - would provide a "real choice for all logistics users".

Over the past few months, general UK distribution industry interest in the Channel tunnel and intermodal road-rail transport has begun to pick up with the emergence of a steady stream of more positive news concerning tunnel-related freight developments.

Last month, for example, saw the opening by British



Stephenson: 'The urge to put goods on rail is enormous'

Rail's Railfreight Distribution (RFD) division of a new £18m European freight operating centre in North London which will process all freight trains transiting the tunnel. And in Scotland, the main structural work for a new £8.5m "Euro-central" railfreight terminal in Mossend, Lanarkshire, was formally inaugurated.

A month earlier, construction of a Channel tunnel-linked railfreight terminal to serve north-west England was completed. The new £11m Euroterminal, located at Trafford Park, Manchester, is one of nine such facilities being developed in Britain by RFD. It is

equipped to handle as many as 100,000 containers/swapbody units a year and is designed to complete rail-to-road transfers in less than three minutes.

Individual distribution service companies are also pressing ahead with new developments designed to help them make use of the tunnel. Freight forwarder Davies Turner, for example, is developing a new £2.5m terminal next to the Manchester Euroterminal and will shortly open a £5m terminal at Dartford, Kent.

Mr Philip Stephenson, Davies Turner joint managing director, says the company's new Manchester facility is a "good example of the way the private sector can invest in the opportunities presented by the tunnel".

The Dartford terminal, he says, will be used both for intra-European traffic and as a gateway for freight coming from overseas and destined for onward distribution by road or rail in continental Europe. The company anticipates using the Channel tunnel for some of that traffic.

"We definitely believe the Channel tunnel will have a role to play in distribution, in continental Europe, the urge to

put goods on rail is enormous, particularly in countries such as Switzerland and Austria," adds Mr Stephenson.

That "urge" is being further stimulated by European Commission support for plans to establish a network of intermodal transport "corridors" between the biggest European centres, with rail providing the linehaul and road operations being used to handle collection and delivery activities at either end. The Commission plans to introduce further legislation to make it easier for new combined transport companies to access European rail networks.

Mr Michael Browne, BRS professor of transport at the University of Westminster, believes one of the big influences on the future growth of intermodal distribution will be road haulage costs.

He told a recent intermodal transport industry seminar that road transport was viewed by many companies as a relatively cheap resource. And short-term costs might fall. But longer term, road transport costs were likely to rise in real terms because of increases in fuel taxes, traffic congestion, more road tolls and commercial vehicle bans. As a result, combined transport would



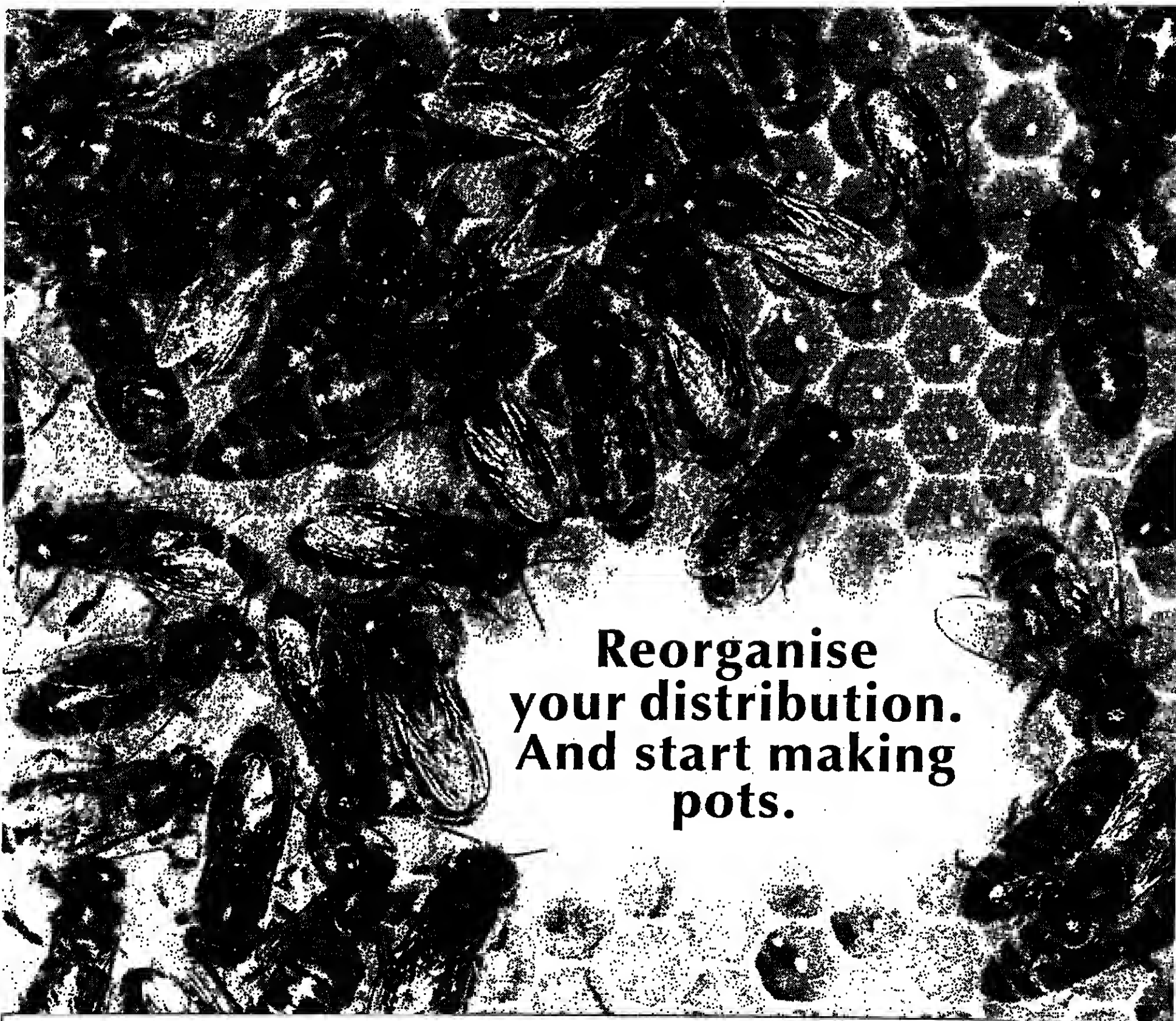
Russell Davies has declared an interest in buying Freightliner, intermodal arm of Railfreight Distribution (RFD), the British rail subsidiary. For the past 10 years, Russell Davies has operated Masterhaul, a marketing joint venture with Freightliner, providing an integrated container collection and delivery service.

become more attractive.

However, other distribution industry observers warn that immediate prospects for greater use of railways in the UK for moving freight could be inhibited by uncertainty arising from the planned privatisation

of British Rail. That development is, for example, raising new insurance issues for companies planning to operate or use Channel tunnel freight services.

Philip Hastings



Reorganise
your distribution.
And start making
pots.

Your distribution set-up may be a hive of industry, but could its efforts be more profitably directed?

In partnership with Exel Logistics, you could probably reduce your costs and improve performance.

What Exel Logistics promise - and deliver - is intelligent distribution.

Years of specialised experience mean we can accurately analyse your needs.

Awareness of the latest technology ensures we can organise the logistics to meet them.

Our resources include more than 6,300 trucks and over 4 million sq. m. of

warehousing, all designed to maximise efficiency at every stage of the supply chain.

Yet our most important asset is our people, creating innovative customised solutions that answer the specific requirements of every individual client.

We're busy transforming cost centres into opportunities for profit, nationally and internationally, for scores of companies.

We'd like to do the same for you. Talk to Robbie Burns, Managing Director, on (0234) 273727.



Intelligent Distribution

International Headquarters, The Merton Centre, 45 St Peters Street, Bedford MK40 2UB.
Telephone (0234) 273727. Facsimile (0234) 216826.

LOGISTICS

Europe

The only pan-European journal in distribution strategies, storage technology and warehousing

Published bi-monthly in full colour. A4 glossy format. UK Subscriptions: £60

Please fax me Subscription details/ Ad rates*

NAME:

MY FAX No.:

Fax this form to us on 0442 870888, or phone on 0442 878787

FINANCIAL TIMES TUESDAY OCTOBER 5 1993

INVESTMENT TRUSTS - C

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+/-	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	5
-------	-------	-----	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	---

[illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

FT MANAGED FUNDS SERVICE[illegible]

IS THIS YOUR OWN COPY OF THE FINANCIAL TIMES?

Or do you rely on seeing someone else's? Every day the FT reports on the topics that matter to people doing business every day, in and from Europe.

We cover the latest European, U.S. and international news, and analyse the implications from a European perspective. In fact you'll find far more than finance in the FT.

No surprise then, that the Financial Times is read by over four times as many senior European businessmen and women as any other international newspaper.*

Make sure you're one of them by getting your own copy of the newspaper delivered daily to your office.

*Source EBRIS 1991

To: Gillian Hart, Financial Times | European GmbH, Nibelungenplatz 3, 60316 Frankfurt/Main, Germany. Tel. + 4969 156050, Tel. 416193, Fax. + 4969 5964463.

SPECIAL INTRODUCTORY SUBSCRIPTION.

TWELVE FREE ISSUES DELIVERED TO YOUR OFFICE

To: Gillian Hart, Financial Times | European GmbH, Nibelungenplatz 3, 60316 Frankfurt/Main, Germany. Tel. + 4969 156050, Tel. 416193, Fax. + 4969 5964463.

YES, I would like to subscribe to the Financial Times, and enjoy my first 12 issues free. I will allow up to 21 days before delivery of any first copy. Please enter my subscription for 12 months at the following rate*:

Austria	ÖES 5,600	France	FRF 1,090	Luxembourg	LFR 12,500	Spain	PTS 39,000
Belgium	BFR 12,500	Germany	DM 700	Netherlands	DFL 1,650	Sweden	SEK 2,800
Denmark	DKK 3,150	Greece**	DR 22,800	Norway	NOK 2,800	Switzerland	SPR 680
Finland	FMK 1,950	Italy	LIT 560,000	Portugal	ESC 37,000	Turkey	TL 1,850,000

☐ Bill me ☐ Charge my American Express/Diners Club/Baroncard/VISA Account.

Expiry Date

--	--	--	--	--	--	--	--	--	--

*Currency rates are only valid for the country in which they are quoted. Subscription Prices are correct at time of going to press. ** 3 month subscription only. Prices are exclusive of VAT in all EC countries except Germany and France. Offer valid until 30th November 1992.

To subscribe to the FT in North America contact New York Tel 713/4350, Fax 302/397. For East contact Tokyo Tel 32531711, Fax 32531712.

☐ Please tick here for more information about 6 and 24 month subscription rates, or rates for a country on listed opposite.

(Please specify)

Name _____ Title _____

Company _____ Tel _____

Address to which I would like my Financial Times delivered:

Signature _____ Date _____

No order accepted without a signature.

FINANCIAL TIMES
 120 YEARS OF PIONEERING

FAR MORE THAN FINANCE.

4 pm close October 4

GET YOUR R
AARHU

Continued on next page

NYSE COMPOSITE PRICES

Table with multiple columns listing stock prices, including symbols, prices, and changes. Includes sub-sections like -S-, -T-, -U-, -V-, -W-, -X-, -Y-, -Z-.

NASDAQ NATIONAL MARKET

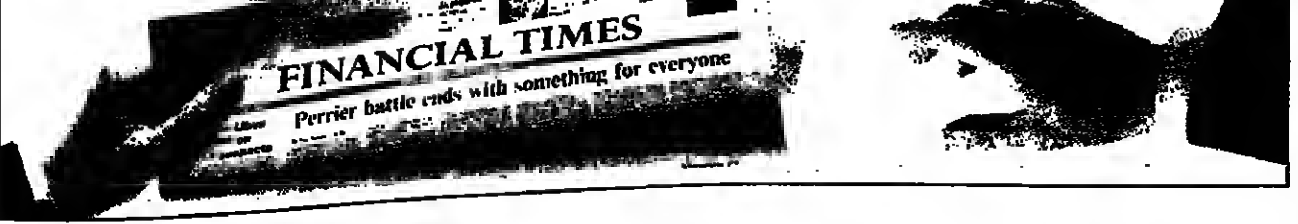
Table with multiple columns listing stock prices, including symbols, prices, and changes. Includes sub-sections like -K-, -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, -Z-.

AMEX COMPOSITE PRICES

Table with multiple columns listing stock prices, including symbols, prices, and changes.

GET YOUR FT HAND DELIVERED IN COPENHAGEN, AARHUS, AALBORG, ESBJERG AND ODENSE.

If you work in the business centres of Copenhagen, Aarhus, Aalborg, Esbjerg and Odense we'll deliver your daily copy of the FT to your office at no extra cost. Call Erna Pio for details on Copenhagen 3313 4441.



Continuation of NASDAQ National Market table with sub-sections like -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, -Z-.

AMERICA

Nervous Dow falls back on domestic news

Wall Street

US share prices were mixed in exceptionally light trading yesterday as investors attempted to digest the implications for financial markets of the political crisis in Russia, writes Patrick Harrington in New York.

At 1pm, the Dow Jones Industrial Average was down 6.71 at 3,574.40. The more broadly based Standard & Poor's 500 was 0.74 lower at 460.56, while the Amex composite was down 0.02 at 461.57, and the Nasdaq composite was up 1.49 at 784.43. Trading volume on the NYSE was 125m shares by 1pm.

Traders and investors arrived at work yesterday morning in a nervous mood, unsure of how the world's financial markets would react to the political turmoil in Russia, where President Boris Yeltsin's battle with anti-reform hardliners appeared to be reaching a violent and dramatic conclusion.

Traditionally, this kind of political crisis unsettles equity market investors, but boost US bond prices, which are seen as a safe haven in times of trouble. As expected, bonds firmed at the opening yesterday morning, but demand was not that strong, and by early afternoon Treasury prices were little changed.

Equity investors, meanwhile, were reassured by the confidence of overseas markets, which were mostly firmer overnight. The modest reaction from the US bond market also appeared to underline the view of most financial analysts - that the turmoil in Russia would not have any serious economic or political impact outside that country's borders.

Once it was clear by mid-morning in the US that army forces loyal to Mr Yeltsin had regained control of the Parliament building in Moscow, and that the rebels had surrendered, investors were able to

devote some attention to domestic matters. As it was, the day's main economic news - a 1.1 per cent decline in August construction orders - was bearish for stocks, and contributed to some of the early declines.

Among individual issues, HCA-Hospital jumped \$6 to \$28.75 in volume of 4m shares after the company agreed to be taken over by Columbia Healthcare in a stock swap which values the deal at \$5.7bn. Columbia fell \$1 to \$28.75 in volume of 2.7m shares at \$4.46, and Digital Equipment rose \$1 to \$36.75.

In other merger-related movements, KeyCorp rose \$1 to \$39.75, and Society Corp climbed \$1 to \$33.75 after the two regional banking groups agreed to join forces in a \$3.5bn stock swap.

The technology sector was in strong demand. Compaq rose \$1 to \$58.75, Motorola firmed \$1 to \$58.75, IBM added \$1 to \$54.75, and Digital Equipment rose \$1 to \$36.75.

Selected technology issues were also firmer on the Nasdaq market, with Microsoft up \$1 to \$53.75 and Sun Microsystems up \$1 to \$22.75.

Canada

TORONTO was little changed by midday in spite of a recovery in precious metals from their earlier weakness on the Russian political crisis.

By noon, the TSE 300 index was 1.50 lower at 3,966.72 in turnover of C\$195.6m.

SOUTH AFRICA

BULLION prices offered little support by the time Johannesburg closed. The influx of foreign buying which dealers were hoping for did not appear, and the gold index ended 8 lower at 4,437. With industrials 40 lower at 4,437, the overall index shed 22 at 3,741.

EUROPE

Bourses improve as Moscow hardliners give up

BOURSES seemed relatively unperturbed by the overnight strife in Moscow but, nevertheless, they showed signs of improvement in the afternoon as Russian hardliners began surrendering and leaving the White House, writes Our Markets Staff.

At Goldman Sachs, Mr Sushil Wadhvani and Mr Mushtaq Shah said that it made sense partially to inoculate portfolios against "Russian risk", recommending a 3.5 per cent weighting in commodities, and retaining one of 9 per cent in cash.

FRANKFURT, clearly, wanted to go up all day. Over the official session, the DAX index rose 11.63 to 1,923.72 as German stock market turnover improved from DM4.4bn to DM5.26bn, and in the afternoon the Ibsi-Indicated DAX climbed another 11.51 to 1,935.23.

Comments put the morning gains down not to any wave of investment buying, but to traders covering short positions as share price held firm; there was more business later but traders, rather than investors, still held sway.

Interest in Daimler remained

high, the shares climbing DM5 to DM7.46 ahead of today's listing in New York. Lufthansa rose another DM3.50 to DM16.50.

It confirmed the United Airlines pact, and forecast that its restructuring programme would enable it to halve its losses in 1993, and make a return to profits possible in 1994.

Metalgesellschaft jumped DM10 to DM36.4. It said yesterday that it was selling a stake of around four per cent in Metallgesellschaft to Minorco, and that the deal would help promote the joint development of mining projects.

MILAN's Comit index dipped 3.79 to 590.52 in volume depressed by a two hour halt to screen-based trading during the morning as a result of technical problems.

That surprised some analysts with a further 1.28, or 6 per cent gain to 1,630.03 in the index of last week's record capital call and amid continued speculation about possible alliances.

Rinascente, the retailer, and IRI, the Agnelli family holding company, were relisted after further details emerged about

FT-SE Actuaries Share Indices

October 4		THE EUROPEAN SERIES									
Hourly changes	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close	High	Low	Vol
FT-SE 100	1294.13	1294.31	1294.33	1295.46	1296.25	1297.25	1298.53	1298.14	1298.53	1297.25	137.73
FT-SE 200	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 300	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 400	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 500	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 600	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 700	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 800	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 900	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73
FT-SE 1000	1368.83	1370.86	1370.94	1371.58	1372.35	1373.56	1374.88	1374.88	1375.11	1374.88	137.73

Base value 1000 (20/10/92) High/Low: 100 - 1298.72 200 - 1375.11 300 - 1375.11 400 - 1375.11 500 - 1375.11 600 - 1375.11 700 - 1375.11 800 - 1375.11 900 - 1375.11 1000 - 1375.11

Flat's complex plan to sell its

58 per cent share in Rinascente to its own shareholders and a public buy offer by IRI.

Rinascente added 1.270 or 2.8 per cent to 1,636.86 after a day's high of 1,636.86, and speculation that a higher tender bid for Rinascente might be launched.

IRI ahead 1.434 or 7.8 per cent to 1,575.58, ahead of a post-bourse presentation to analysts. It was suspended temporarily, shortly after the opening, as the price slumped by more than 12 per cent.

PARIS saw the BNP privatization price set at FF240 per share, regarded as cheap and no threat to overall sentiment, as afternoon short covering

took the CAC 40 index to a close 11.94 higher at 2,128.68.

Rhone-Poulenc was easier, however, falling FF6.50 to FF153. Some analysts reckoned that if the BNP price was on the low side, Rhone could be floated at a discount to the market.

Peugeot rose FF8 to FF166 after underperforming the market in recent weeks, and in spite of a 18 per cent fall in September car sales.

Turnover was estimated at about FF3.8bn, the same as last Friday's level.

ZURICH trading was restrained as the SMI index rose 8.7 to 2,490.3. Swiss Re registered rose SF745 to SF73,340 on last Friday's results, and Winterthur registered

advanced SF713 to SF764.

Swissair added SF715 to SF7690 amid unconfirmed reports that the airline was considering paying a special dividend to lower the company's valuation ahead of the Alcazar alliance. However, analysts noted that such a move was only one of the options available to the group.

SMH, watchmaker, shed SF77 to SF706 amid heavy US selling on worries about the profits outlook. James Capel in London, downgrading the stock to "hold", said it was revising down expectations for sales growth to 8 per cent and its 1993 net profit forecast was being trimmed from SF748m to SF740m.

Ascom, the telecommunications group, surged 6.4 per cent at one stage after domestic newspapers reported that the Swiss army was considering purchasing a SF900m telecommunications system by 1996m.

The shares settled back to finish SF720 higher at SF71,250 as the company said that while it had a good chance of winning the contract, it was at present only heading a research project for the army.

AMSTERDAM overcame an

unsteady start to finish firmer with the CBS Tendency Index adding 0.5 to 125.7. Royal Dutch rose 40 cents to FL188.60 after the European Commission said it had cleared the sale of Shell's crop protection business to American Cyanamid.

STOCKHOLM recovered on government proposals to halve capital gains tax on share sales, and cut taxes on dividends and corporate profits. The Affarsvarlden General Index closed just 0.2 down at 1,299.0, although Trelleborg B, volatile on the prospect of a Russian effect on metal prices, rose by SKR5, or 13 per cent to SKR12.50.

OSLO took to the Russian news and the all share index rose 3.22 to 555.87. HELSINKI went along the Hex index closing 14.01 higher at 1,421.91.

TEL AVIV, in addition to hopes of a Russian solution, talked of a technical correction after three days of profit taking as the Mishkanim index gained 4.22, or 1.9 per cent to 229.16.

Written and edited by William Cochrane and Michael Morgan.

ASIA PACIFIC

Nikkei lower as Hong Kong closes at record high

Tokyo

THE turmoil in Russia undermined enthusiasm for stocks, and the Nikkei index closed marginally lower as investors remained on the sidelines, writes Emiko Terazono in Tokyo.

The Nikkei fell 18.70 to 20,264.43 with most investors reluctant to take large positions until the response of other markets to the Russian crisis became clear.

The index fell to the day's low of 20,151.32 in the morning session, in tandem with the futures market which lost ground on news of the military confrontation in Moscow. However, late arbitrage linked buying supported share prices and the Nikkei rose to the day's high of 20,263.93 on late bargain hunting.

Volume fell to 180m shares

from 362m. Declines led advances by 591 to 372, with 214 unchanged. The Topix index of all first section stocks edged down 0.06 to 1,634.03, while, in London, the ISE/Nikkei 50 index fell 0.78 to 1,263.23.

Index-linked buying by institutional investors supported share prices. One trader said that the Nikkei would have advanced further in a continuation of Friday's strong performance, were it not for the Russian situation.

Investors' interest centred on semiconductor-related issues following reports that electronics manufacturers were boosting output of 16-megabit chips. Nikon rose Y25 to Y915 and Tokyo Electron gained Y110 to Y3,030.

Sharp jumped Y70 to Y1,550 on firm shipments of its camcorder. Other consumer electronics makers were also strong, with Sony up Y30 to

Y4,610 and Matsushita Electronic Industrial gaining Y20 to Y1,450.

Investigations by the Fair Trading Commission of men-swear discount retailers triggered heavy selling of Aoki International and Aoyama Trading. Aoki fell Y100 to Y5,500, and Aoyama failed to trade due to the lack of buyers.

Pharmaceuticals were lower on profit-taking following the recent bout of buying ahead of annual medical conventions. Sankyo fell Y10 to Y3,000 and Yamanouchi Pharmaceutical lost Y40 to Y2,410.

In Osaka, the OSE average fell 35.93 to 22,251.94 in volume of 18.1m shares.

Roundup

PACIFIC Rim markets found a diverse series of influences on trading.

HONG KONG shrugged off

the latest inconclusive round of Sino-British talks on the colony's future as foreign demand, beginning with US institutions and spilling over to UK and Chinese funds, took shares to a record high close.

The Hang Seng index added 68.10 or 0.9 per cent to 7,744.32, after an intraday high of 7,763.87, in relatively thin turnover of HK\$3.72m.

AUSTRALIA saw the political turmoil in Russia fuel a sharp rise in gold stocks and push the overall market to a higher close, but with a holiday in New South Wales, trade was otherwise dull. The All Ordinaries index added 4.3 to 1,977.0 in turnover of A\$165.31m.

The gold marker surged 42.5 to 2,006.6 with North Flinders rising 20 cents to A\$12.50, Newcrest up 17 cents to A\$4.02, Plutonic up 10 cents to A\$7.00, and Homestake up 7 cents to

A\$1.85.

MANILA turned sharply lower as banks with big common trust fund (CTF) holdings sold shares to meet a new 10 per cent reserve requirement, which took effect yesterday.

The composite index shed 55.01 or 2.8 per cent to 1,904.54. The peso's fall last week prompted the central bank to impose capital requirements on CTFs, which pool small deposits for investment in high-yielding securities like T-bills and stocks.

NEW ZEALAND, devoid of any strong overall influence, meandered through thin trade to a slightly higher close. The NZSE 40 capital index rose 6.35 to 1,946.36 in turnover of NZ\$18.7m.

TAIWAN closed narrowly mixed after late bargain-hunting emerged to offset early losses triggered by Russia's political crisis. The composite

index ended 1.83 lower at 3,808.24, after an intra-day low of 3,785, in very slow turnover of T\$9.72bn.

SEOUL fell prey to a wave of profit-taking in reaction to last week's pre-Chusok holiday rally, although some late bargain-hunting helped prices up from their lowest levels.

The composite stock index shed 4.50 to 715.05.

SINGAPORE, easier for much of the day, picked up towards the close as hopes rose for political stability in Russia. The Straits Times Industrial index finished 4.97 higher to 2,023.07 after trading in negative territory for much of the day.

KARACHI closed sharply higher on rumours that the former reformist prime minister, Mr Nawaz Sharif may win in tomorrow's general elections. The KSE index rose 14.68 to 1,357.05.

Belgium visits the top of the table

MARKETS IN PERSPECTIVE

	% change in local currency			% change sterling	% change US \$
	1 Week	4 Weeks	1 Year	Start of year	Start of year
Austria	+1.80	-5.00	+20.31	+22.11	+20.49
Belgium	+3.58	-2.08	+11.76	+11.12	+11.12
Denmark	+1.30	-1.85	+31.40	+29.85	+24.15
Finland	+3.28	+3.46	+141.70	+78.51	+58.97
France	+0.95	-1.18	+25.00	+17.60	+14.89
Germany	+1.20	-0.67	+27.70	+23.16	+22.99
Ireland	+2.25	-2.84	+49.29	+40.35	+24.86
Italy	+1.21	-5.39	+52.83	+37.07	+33.00
Netherlands	+2.02	-0.57	+25.84	+23.54	+22.69
Norway	+0.57	-3.62	+40.32	+27.18	+24.00
Spain	+2.32	-2.24	+58.49	+34.79	+17.91
Sweden	+1.54	+2.09	+75.27	+31.31	+15.45
Switzerland	+1.14	+1.18	+31.94	+20.57	+24.03
UK	+0.98	-0.70	+21.49	+8.63	+8.02
EUROPE	+1.28	-0.62	+20.36	+17.77	+15.50

Australia	+1.13	+1.03	+29.01	+22.30	+15.79
Hong Kong	+1.83	+2.70	+33.54	+37.87	+37.87
Japan	+1.83	+2.70	+33.54	+37.87	+37.87
Malaysia	+3.90	+3.38	+72.70	+56.49	+61.54
New Zealand	+0.12	-2.84	+45.78	+29.90	+40.02
Singapore	+3.01	+1.51	+57.32	+34.98	+40.75

Canada	+0.24	-3.70	+12.12	+10.48	+5.83
USA	+0.78	+0.00	+11.08	+5.98	+5.98
Mexico	+0.15	-4.98	+33.88	+1.35	+1.99
South Africa	+1.38	-4.24	+19.52	+19.05	+38.89
WORLD INDEX	+0.72	-1.45	+20.26	+14.69	+19.60

† Based on October 1st 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

By William Cochrane

Two of last week's global equity leaders, Finland and Malaysia, lead the World Index performance tables this year but the third - Belgium - is a more occasional visitor.

The Brussels equity market started this year well, notes Mr Thierry Quincero at Williams de Broe in London but, in April and May, it was punished for its earlier speculation focus were provoked by a domestic political crisis which came to a head in March.

Last week, however, and in spite of denials from the top stories circulated that the government was about to let the Belgian franc float, there were good results from Electrabel and Tractebel, two of the country's heavily weighted utility groups; and even an initially bearish reaction to losses from the Luxembourg-based steel-maker, Arbed, was more than recovered by Friday.

In the east, the Kuala Lumpur stock exchange's composite index hit yet another high

last Friday, supported by expectations of an expansionary budget at the end of this month. Mr David Bates, of Asia Equity, says that last week's cut in the Malaysia's monthly inflation rate has domestic investors believing that the corporation tax rate could be cut from 34 to 32 per cent.

Mr Bates adds that November's ruling party elections are expected to indicate continuity in present government policies, and that the market has a lot of liquidity with which to chase prices up. However, he reckons, it has to be the dearest in the region on a 1994 p/e ratio of 21, and on estimated 10 per cent earnings per share growth - the slowest in Asia at the moment.

Finland tops the world rankings in local currency terms although, measured by the dollar, it is outpaced by Malaysia which has a harder currency, and which accelerated in the third quarter. Goldman Sachs still likes the Helsinki market for its prospects of profit recovery, lower interest rates, and on technical grounds.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY OCTOBER 1 1993										THURSDAY SEPTEMBER 30 1993										DOLLAR INDEX	
	US Dollar	Day's % Change	Pound Sterling	Yen	DM	Local Currency	Local % chg on day	Gross Div. Yield	US Dollar	Pound Sterling	Yen	DM	Local Currency	1993 High	1993 Low	Year ago (approx)						
Australia (69)	144.05	+1.0	141.86	98.52	122.15	147.98	+0.5	3.49	142.60	141.37	95.64	121.32	147.22	148.64	117.39	124.82						
Austria (17)	169.88	-0.4	166.31	113.16	143.20	143.36	+0.0	1.08	169.48	168.02	113.67	144.20	143.42	160.43	131.18	162.59						
Belgium (45)	140.05	+1.1	143.30	98.19	125.54	128.88	+1.1	4.47	148.42	145.16	98.19	124.57	127.46	156.78	131.18	147.85						
Canada (107)	121.48	-0.2	116.61	81.38	102.99	117.64	+0.0	2.88	121.72	120.86	81.83	103.55	117.82	130.33	111.41	114.12						
Denmark (52)	229.78	-0.2	225.28	153.97	184.84	208.26	+0.0	1.10	230.21	228.22	154.40	195.87	208.26	233.14	185.11	212.74						
Finland (25)	110.04	-0.8	108.37	73.74	33.31	134.87	-0.1	0.77	110.73	109.78	74.27	34.21	135.05	118.58	85.50	99.29						
France (97)	121.48	-0.2	116.61	81.38	102.99	117.64	+0.0	2.88	121.72	120.86	81.83	103.55	117.82	130.33	111.41	114.12						
Germany (148)	127.23	-0.2	125.30	85.28	107.89	107.89	-0.2	1.55	127.04	125.94	85.21	108.08	108.08	123.13	107.56	157.85						
Hong Kong (55)	305.03	+0.0	300.38	328	289.66	302.94	-0.0	3.38	305.03	302.44	300.04	298.57	302.08	305.03	211.82	302.08						
Italy (149)	198.31	-0.3	195.76	112.78	142.72	165.44	-0.4	3.39	197.75	196.30	112.51	142.72	164.77	173.06	129.28	145.44						
Japan (205)	153.01	-0.3	151.78	102.10	121.84	145.34	-0.6	2.78	153.01	151.78	102.10	121.84	145.34	153.01	114.12	145.34						
South Korea (54)	193.02	+0.5	170.00	102.53	129.77	102.53	-0.4	0.81	193.02	191.02	102.53	129.77	102.53	169.00	100.75	106.96						
Malaysia (195)	450.00	-0.7	432.61	284.1	356.13	412.18	-0.8	1.83	447.14	439.57	278.77	354.02	408.90	420.00	251.88	271.55						
Mexico (104)	126.78	+0.4	115.78	141.17	122.10	126.78	+0.4	1.48	126.78	124.18	114.15	126.78	126.78	177.56	140.00	140.00						
Netherlands (24)	168.07	-0.7	163.94	124.47	157.32	155.28	-0.6	3.62	194.50	187.91	127.34	156.98	156.98	177.56	140.00	140.00						
New Zealand (13)	98.72	+0.4	98.81	40.22	50.64	57.56	-0.3	3.87	98.50	98.09	39.91	50.63	57.56	92.38	40.56	41.95						
Norway (25)	169.80	-0.4	167.41	113.77	143.98	194.44	-0.4	1.53	169.80	168.35	113.77	144.26	194.44	177.44	140.00	140.00						
Portugal (10)	121.48	-0.2	116.61	81.38	102.99	117.64	+0.0	2.88	121.72	120.86	81.83	103.55	117.82	130.33	111.41	114.12						
South Africa (60)	204.63	-1.6	201.42	137.04	173.43	187.09	-0.0	2.80	207.91	206.13	138.34	178.89	187.09	215.28	144.72	182.74						
Spain (12)	136.72	-0.1	134.64	51.81	115.93	136.41	-0.1	1.48	136.87	135.69	51.81	116.45	136.25	140.97	115.23	115.23						
Sweden (30)	193.06	-0.7	187.17	131.17	127.02	183.24	-0.7	1.48	189.95	188.35	127.41	156.27	183.24	196.23	148.70	174.00						
Switzerland (218)	140.17	-0.4	138.04	55.92	116.87	123.78	-0.1	1.75	139.55	138.34	55.92	116.74	123.78	139.55	109.91	109.91						
United Kingdom (210)	198.18	+0.3	194.34	124.73	157.85	183.24	-0.0	3.90	194.34	193.31	124.00	157.19	183.24	190.71	162.00	174.00						
USA (518)	168.57	+0.5	168.73	126.36	159.91	188.57	+0.5	2.78	167.70	168.06	125.98	159.91	187.70	168.40	175.38	187.70						
Europe (49)	166.78	+0.4	164.37	105.03	128.98	147.04	-0.1	3.09	165.14	164.78	104.72	129.87	146.96	160.30	133.92	141.47						
Mexico (114)	178.42	-0.3	176.44	106.44	128.44	147.12	-0.3	1.72	178.42	176.44	106.44	128.44	147.12	178.42	142.18	151.73						
North America (713)	150.07	-0.4	148.66	105.92	134.04	110.40	-0.3	1.08	157.37	156.01	105.92	133.89	110.40	150.07	124.82	124.82						
Oceania (19)	157.42	-0.4	155.03	105.47	133.48	125.25	-0.2	1.89	157.42	155.40	105.47	133.39	124.87	156.87	117.28	124.87						
North America (826)	184.41	-0.4	181.61	123.58	156.40	180.77	-0.3	2.77	188.91	188.02	123.58	156.24	182.95	186.59	171.51	184.41						
Asia (10)	121.48	-0.2	116.61	81.38	102.99	117.64	+0.0	2.88	121.72	120.86	81.83	103.55	117.82	130.33	111.41	114.12						
Japan (24)	207.55	+0.4	204.49	139.15	178.10	193.83	-0.3	2.93	208.04	206.94	139.15	178.10	193.83	207.55	150.75	150.75						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.04	158.68	105.33	133.62	126.88	138.89	118.51	125.48						
World Ex US (1647)	157.84	-0.4	155.24	105.63	133.67	127.12	-0.2	1.92	160.0													